

LOTTE HIMART

Sustainability Report 2024

2024 LOTTE HIMART Sustainability Report



LOTTE HIMART

Sustainability Report 2024

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About this report

This report is LOTTE HIMART's fifth Sustainability Report, which includes our ESG management strategy, and our detailed activities, achievements and goals in the areas of environmental, social, and governance. LOTTE HIMART is committed to promoting tasks in each ESG area to provide sustainable lifestyles and value to all stakeholders. We will publish a sustainability report to transparently share our ESG management strategy and direction with stakeholders on an annual basis.

Reporting Framework	GRI Standards 2021
Reporting Scope	LOTTE HIMART headquarters, branches, stores, and distribution centers
Reporting Period	January 1, 2024 ~ December 31, 2024 (Certain topics extended to include issues up to the first half of 2025)
Reporting Cycle	Once a year
External Assurance	Sustainability Lab
Issued by	LOTTE HIMART
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Contact	<p>LOTTE HIMART External Relations Team, LOTTE HIMART Building, 156, Samseong-ro, Gangnam-gu, Seoul, Republic of Korea</p> <ul style="list-style-type: none"> • Tel.: 02-2050-5082 • E-mail: himart.esg@lotte.net • Website: https://company.himart.co.kr/



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The details on LOTTE HIMART are available on its website. For more information, please contact us using the details below.

Address: LOTTE HIMART Building, 156, Samseong-ro, Gangnam-gu, Seoul, Republic of Korea

Department: LOTTE HIMART External Relations Team

E-mail: himart.esg@lotte.net

Website: <https://company.himart.co.kr/>

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CEO Message

As Korea's leading home appliance specialty store, LOTTE HIMART is pursuing a business strategy under the vision of 'Lifetime Care for Every Stage of Your Home Appliance Journey' to provide home appliances and services that suit customers' life stages. Based on this business strategy, we are striving to drive sustainable growth and create social value for a better future. In particular, in 2025, we will focus on the following three directions in terms of environmental, social, and governance to deliver results.



First. We will endeavor to reduce carbon in response to the climate change crisis.

To achieve net-zero by 2040 and to implement continuous carbon reduction activities, LOTTE HIMART will establish and systematically carry out core tasks linked to our business operations in sales, logistics, and service. For example, in the sales area, we will strengthen the sales of energy-efficient products; in logistics, we will expand solar power generation facilities and improve delivery systems; and in service, we will continue reducing carbon emissions by actively engaging in resource circulation practices and enhancing waste home appliance collection and repair services.

Second. We will provide differentiated experiences to our customers and a safe and happy workplace for our employees.

LOTTE HIMART offers customers unique experiences across stores, products, and services. In terms of stores, we are introducing differentiated formats tailored to the characteristics of commercial areas and target customer groups, such as mobile-specialized stores and collaborative stores that combine home appliances with furniture/interiors. For products, we are launching PLUX, a new PB targeting one- to two-person households, while also strengthening our lineup of globally sought-after brands such as Apple, Roborock, and Dyson. In services, we are continuously identifying customer needs and offering distinctive experiences through offerings like the 'HIMART Care Service', 'Subscription Service', and 'Visit Consulting Service'. We are also committed to providing a safe and happy workplace for our employees. We have established a company-wide occupational safety and health system certified under ISO 45001 and ensure a safe environment for both employees and customers through regular accident prevention inspections and training. Notably, in March of this year, we conducted a human rights impact assessment to proactively identify and address potential risks to employee rights. Furthermore, we are working to create a happy workplace through various organizational culture initiatives, including a flexible work system, PC ON/OFF policy, and mandatory parental leave for male employees.

Third. We will become a company trusted by stakeholders based on a transparent and sound governance system, compliance, and ethics management.

LOTTE HIMART maintains a transparent and sound governance structure and actively communicates with stakeholders. With the introduction of the senior external director system in 2024, we ensure appropriate checks and balances within the Board of Directors and guarantee the institutional independence of external directors. We have also established an anti-bribery management system through ISO 37001 certification and are committed to preventing risks and raising employee awareness through regular monitoring every year. LOTTE HIMART will continue to strive to be a trusted company for all stakeholders—including customers, employees, and partner companies—through responsible compliance and ethics management.

We sincerely thank all of our stakeholders for their continued interest and support, and we welcome your valuable advice and encouragement for LOTTE HIMART's sustainable growth.

June 2025

CEO Chang Hee Nam



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Company Overview

Simplifying Life with Every Appliance, LOTTE HIMART

LOTTE HIMART is Korea's leading home appliance specialty store, operating approximately 314¹⁾ offline stores nationwide and an online shopping mall (www.e-himart.co.kr), supported by a nationwide delivery system based on 11 distribution centers. In addition to selling home appliances, LOTTE HIMART is evolving into a 'customer lifetime care & home appliance life sales and consulting specialist' by providing customized care services such as home appliance repair, cleaning, moving and professional reinstallation, appliance insurance, and home interior services. We strive to provide customers with the best shopping experience by offering a wide range of products that combine excellent domestic and international brands with Private Brand (PB) products, and by organizing differentiated stores tailored to the characteristics of each commercial district. LOTTE HIMART will continue to grow into a company that supports every stage of customers' home appliance lives by offering a variety of products and differentiated services that reflect their evolving needs.

1) As of December 2024

Company Profile and Key Achievements

Company Name	LOTTE HIMART Co., Ltd	Total Assets	KRW 1.9 trillion
Business Type	Wholesale and retail of home appliances	Sales	KRW 2.4 trillion
CEO	Chang Hee Nam	No. of Employees	4,001
Headquarters Location	LOTTE HIMART Building, 156, Samseong-ro, Gangnam-gu, Seoul, Republic of Korea	Domestic Credit Rating	A+ (NICE Investors Service Co., Ltd)

(As of the end of December, 2024)

Key Awards

Recognized as the Most Loved Brand in Korea
15 consecutive years



Recognized as The Most Trusted Brand Awards
16 consecutive years



* May 2025

ESG Ratings

Korea Institute of Corporate Governance and Sustainability

Overall ESG Evaluation Rating



* October 2024



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Our Key Milestones

2000~2009

- 2000 • Founded HIMART Co., Ltd. : Established a network of 200 directly managed nationwide stores
- A 1-day delivery system across the country
- Internet shopping mall : Opened www.e-himart.co.kr
- 2002 • The opera concept ad won the Korea Advertising Award
- 2003 • Opened a headquarters managed service center
- 2004 • Implemented the first POS system among e-commerce business providers
- 2005 • 'Sales Master', the first in-house certification system in the commerce industry, was officially approved by the Ministry of Labor
- 2009 • Selected as excellent service quality company at the National Quality Management Convention Received a citation from the Minister of Knowledge Economy of Korea

2010~2014

- 2010 • Achieved KRW 3 trillion in sales for the first time in the e-commerce market
- 2011 • Listed on the KOSPI
- 2012 • Changed company name to LOTTE HIMART Co., Ltd.
- 2013 • Signed a business agreement with the Ministry of Trade, Industry, and Energy of Korea for supplying high-efficient electronics

2015~2019

- 2015 • Selected as one of the Top 100 Outstanding Companies for Job Creation by the Ministry of Employment and Labor of Korea
- LOTTE HIMART was certified as a Family-Friendly Company by the Ministry of Gender Equality and Family of Korea
- 2016 • Launched 'HIMADE', the PB brand
- 2017 • Opened online-exclusive distribution center
- 2018 • Opened 'Omni-store,' at Guri Station store, a type of store combined with online and offline content

2020~

- 2020 • Won the Mutual Growth Week Minister of SMEs and Startups Award
- Opened 'Mega-Store,' the largest-scale offline home appliance store in Korea at Jamsil
- 2021 • Signed the 'ESG Support Project for Partner Companies' with the Korea Commission for Cooperation Partnership
- Published the first Sustainability Report, 'For Your Family'
- 2022 • Selected as No. 1 in the Premium Brand Index (KS-PBI) by the Korean Standards Association for 10 consecutive years
- Won the Governance Leader Award of Korea Institute of Corporate Governance and Sustainability
- 2023 • Opened the HIMART Care customer service channel
- 2024 • Won 'The Most Trusted Brand Awards' of Digital Chosun for 15 consecutive years
- Declared the new vision, 'Lifetime Care for Every Stage of Your Home Appliance Journey' and slogan 'Simplifying Life with Every Appliance, LOTTE HIMART'
- 2025 • Launched PLUX, the new PB brand
- Launched HIMART subscription system



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LOTTE HIMART at a Glance

Vision

Brand Vision

Brand Mission

Brand Value

Brand Personality

Brand Slogan

Lifetime Care for Every Stage of Your Home Appliance Journey

(LOTTE HIMART, your lifetime partner in home appliance care from start to end)

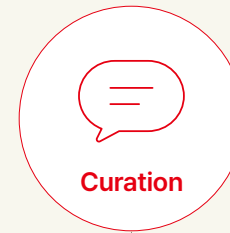
At LOTTE HIMART, we bring you peace of mind for all things home appliances. Our curated selection of top products and dedicated care services are designed to support every stage of your life.



Selection

A diverse selection that enables product comparison and hands-on experience

- A global home appliance brand
- New and trendy home appliances
- A selection that even captivates enthusiasts
- PB products that set the value of home appliances
- 100% guaranteed and certified second-hand products



Curation

The best curation just for you

- 1:1 tailor-fit recommendation provided by 3,000 curators
- Recommendations of the best products and services to suit customer needs
- The first ON/OFF borderless, integrated virtual customer service for home appliances



Care Service

End-to-end care

- The No. 1 home appliance-specialized insurance service in Korea
- Korea's first 100% guarantee service (covering timing, post-service management, and repair quality)
- Lifetime care service across all ON/OFF channels

Smart

Specialized

Proactive

Simplifying Life with Every Appliance, LOTTE HIMART

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Sales Channels

Online Store

LOTTE HIMART's online shopping mall operates various programs to provide the same level of shopping experience as offline stores. In addition to 'Expert Video Consultation', which allows customers to receive expert advice from curators nationwide regardless of location, we offer differentiated products in various price ranges online, including display items or unopened products from offline stores. In addition, these consultations and purchases can be managed through 'My Care', whether made online or offline. Based on this system, we offer integrated services related to home appliances—such as repair, cleaning, and consumables—beyond just purchases. We aim to enhance customer satisfaction through 'lifetime care' services that continue to support customers, even for things they may forget.

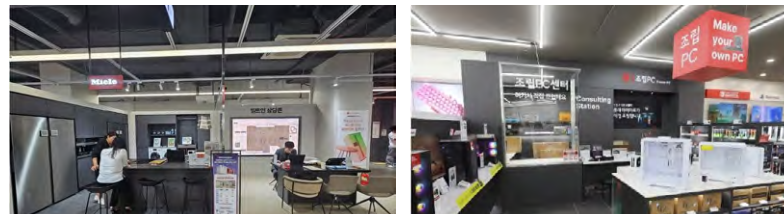
LOTTE HIMART Online Shopping Mall

Offline Stores

LOTTE HIMART directly operates about 314 offline stores nationwide and has a nationwide delivery network to provide systematic and reliable services from purchase to delivery and installation. To meet the increasingly diversified and segmented needs of our customers, we organize category-specific stores in local commercial districts to offer a variety of experiential content and unique shopping experiences that are only available offline. We also provide high-quality consultation services by fostering consulting experts who not only possess specialized knowledge about home appliances and services but also offer customized suggestions tailored to each life cycle. Through its offline stores, LOTTE HIMART presents products from various global brands selected by expert MDs to reflect the evolving trends in home appliance consumption, and operates a dedicated consultation center for the HIMART Care Service to meet the needs of diverse customers.

Store Format Innovation

Specialized consultation integrating furniture, interior design, and home appliances
Experience-type Hobby & Mobile



Integrated consultation for home appliance, furniture, interior (Hanssem Gwanggyo store) Assembly PC zone (Juan store)

Purchase by Comparing

Enables purchase by comparing a wide range of brands, from top Korean brands to global brands



Run many brands from home and abroad

Lifetime Care Service

Recommend personalized home services—including home care, appliance care, repair, and more—tailored to customer lifetime care needs



HIMART Care Center



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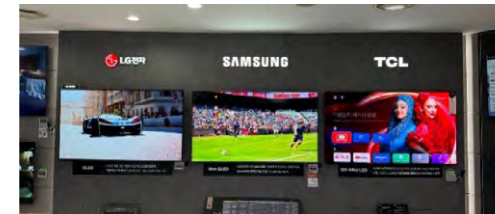
Website: <https://company.himart.co.kr/>



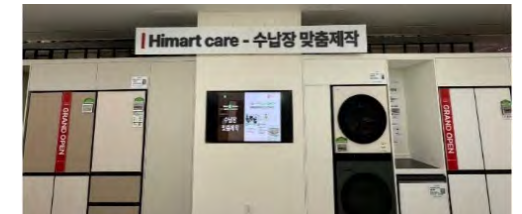
Mobile-specialized store (Godeok store)



Keyboard shop (Enter-6 Anyang station store)



Run many brands from home and abroad



HIMART Care Center

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PB(Private Brand) Products

PLUX

LOTTE HIMART's Private Brand (PB) has been continuously evolving, launching a wide range of products across all home appliance categories—from large appliances to mobile accessories—based on the principles of reasonable pricing and reliable quality. In April 2025, LOTTE HIMART revamped its PB brand strategy to align with market and customer trends, and launched a new brand, PLUX, under the concept of 'Changing the way people think about home appliances,' targeting young-minded small families. The brand name PLUX combines the English words 'Plug,' meaning connection, and 'Experience,' to convey the idea of 'connecting to a better everyday life with essential values for the smart me (user).' Developed based on operational know-how and sales data from existing PB products, PLUX has strengthened its competitiveness through high-quality, reasonably priced offerings. Starting in January 2025, PLUX has introduced products designed for one- to two-person households, such as a freestanding vacuum cleaner, mini dryer, and compact dryer. We plan to continue launching new products and aim to position PLUX as an 'everyday appliance' brand that supports all aspects of customers' lives.

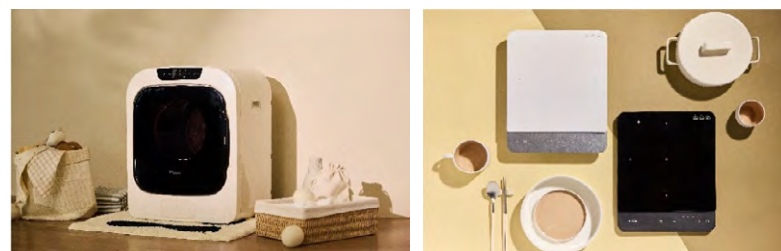


Brand BI

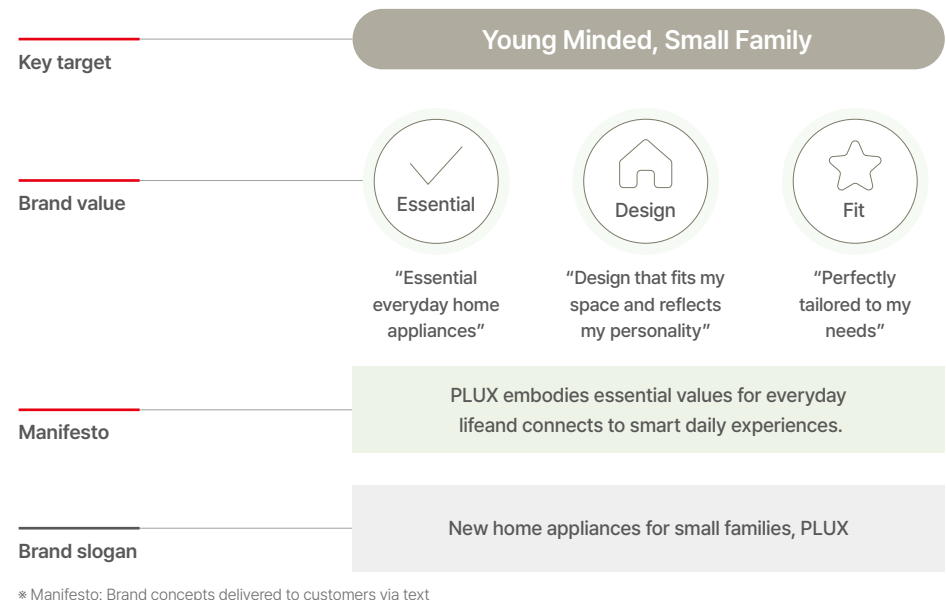


Brand advertisement draft

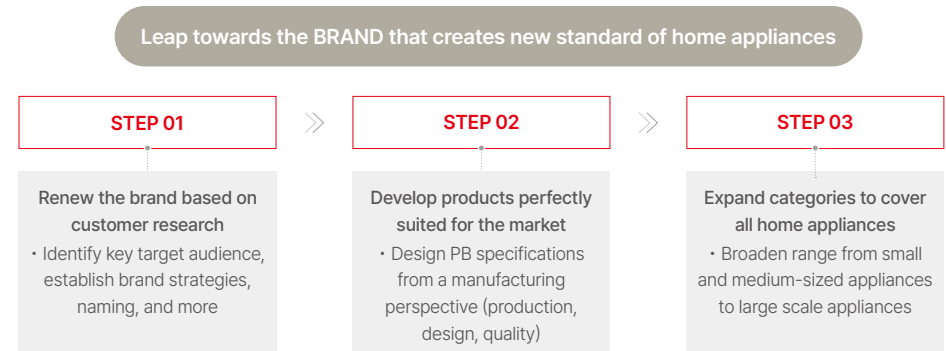
PLUX Products



PLUX Brand



PLUX Brand Strategy



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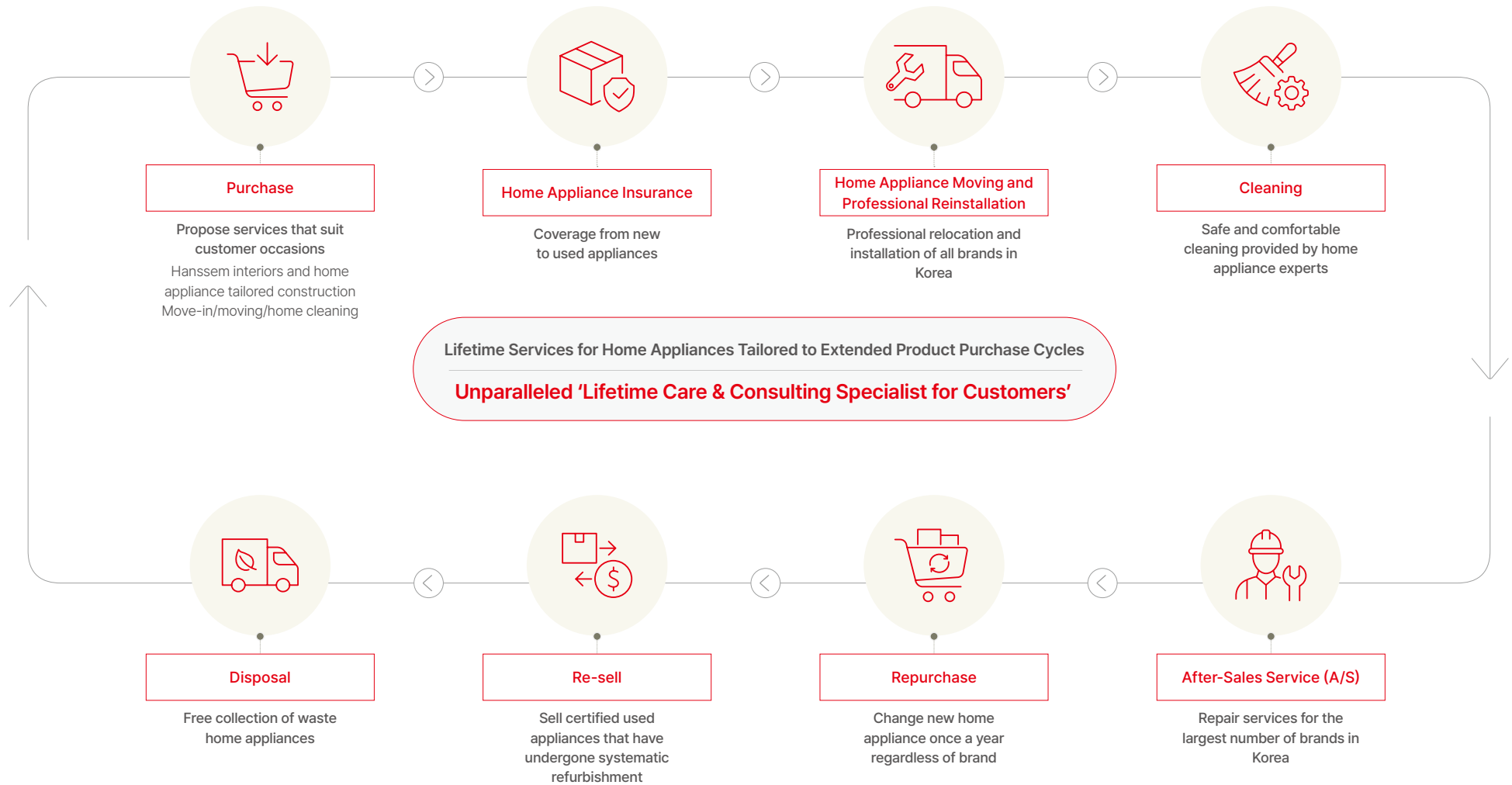
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HIMART Care

LOTTE HIMART is evolving into a home appliance lifetime care company with the goal of providing customized services for all stages of the product lifecycle—from purchasing and installing to repairing, cleaning, reselling, and disposing of home appliances. LOTTE HIMART’s HIMART Care Service is shifting from one-time sales consultations to customer lifetime care consultations, and we operate dedicated care consultation centers in our stores to enhance customer accessibility.



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HIMART Care

Home Appliances Care

Home Appliance Repair

LOTTE HIMART offers a wide range of small and medium-sized home appliance and PC repair services, providing customers with easy access to repairs through approximately 314 stores and the LOTTE HIMART online shopping mall nationwide. We also operate a paid service that utilizes our delivery system to offer door-to-door collection for greater convenience. Our professional repair technicians, who have an average of more than 10 years of experience, ensure the quality of our services, and we continuously enhance their capabilities through ongoing training. Currently, we provide repair services for more than 170 domestic and international brands, including ASUS, HP, Roberock, Shark, and Apple, and we are continuously expanding the range of items and brands we support.

Home Appliance Insurance

LOTTE HIMART Home Appliance Insurance is a service designed to help you use your home appliances without worrying about breakdowns or damage that may occur during use. With extended warranty insurance offering coverage for up to five years, and used appliances repair cost compensation insurance that also applies to products in use, LOTTE Home Appliance Insurance provides comprehensive coverage throughout the entire product lifecycle—moving beyond traditional sales-oriented services.

Home Appliance Cleaning

LOTTE HIMART provides cleaning services for household appliances such as air conditioners, washing machines, dryers, and air purifiers. Led by professional engineers, the home appliance cleaning service uses equipment specialized for each product and eco-friendly certified chemicals to ensure customers can use their appliances in a more comfortable and hygienic way. In addition, the 'Air Conditioner Premium Cleaning' service, which combines air conditioner cleaning with pre-inspection, offers a more specialized experience through a certified expert from an organization under the the Ministry of Employment and Labor.

Home Appliance Moving and Professional Reinstallation

Home Appliance Moving and Professional Reinstallation is a service that provides removal, transportation, and reinstallation of electronics so customers can continue using them without interruption. We have expanded the scope of this service to include products purchased from other companies, and we offer a one-year repair cost guarantee to ensure that customers can use our services with peace of mind.

Home Care

Hanssem Interior, Move-in, and Moving

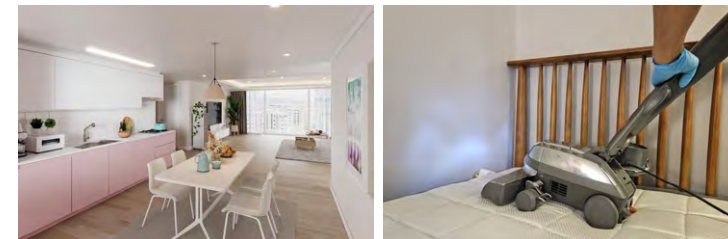
LOTTE HIMART, in collaboration with Hanssem—the No. 1 brand in residential space—provides professional interior services for customers' spaces, from entire homes to individual areas. We offer total interior solutions through expert construction of storage and built-ins, closets, doors and intermediate doors, study rooms, children's rooms, kitchens, and bathrooms. To enhance customer convenience, we also provide one-stop services, from moving estimates to move-in cleaning.

Home Cleaning

LOTTE HIMART offers a variety of home cleaning services to enhance everyday living convenience. We professionally operate and manage essential aspects of residential life—such as replacing insect screens, grouting tiles, installing insulation film, laying inter-floor noise mats, and cleaning mattresses and sofas—to improve customers' living environments and provide greater comfort.



Home appliance cleaning



Hanssem Interior, move-in, and moving

Home cleaning

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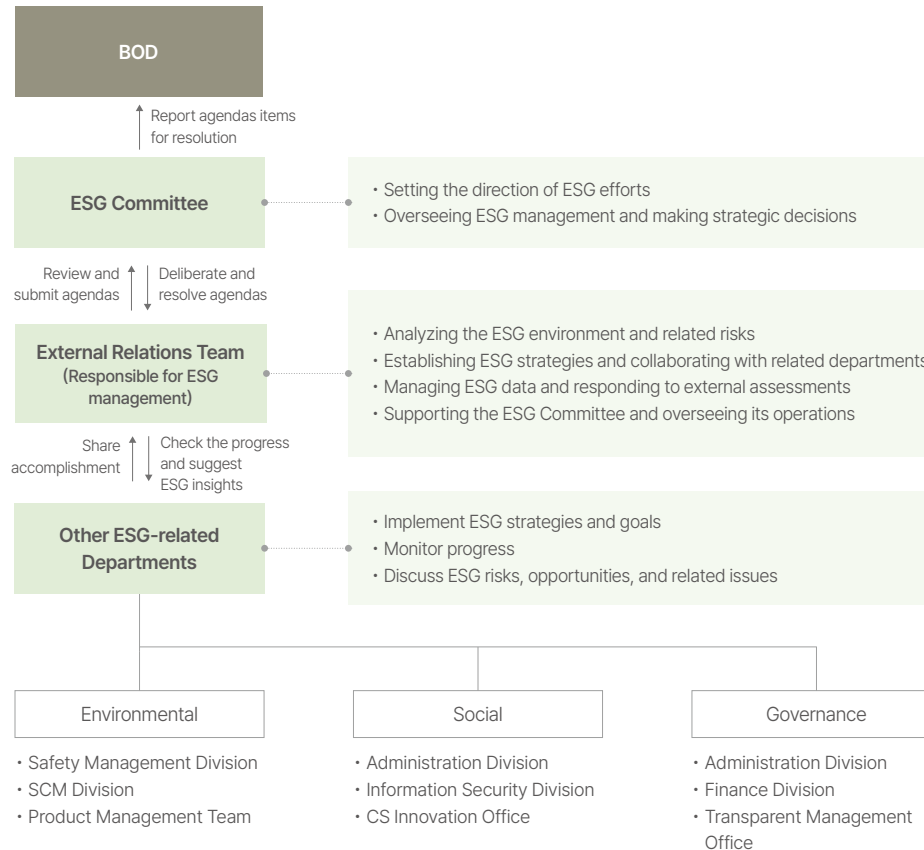
ESG Management System

Governance

ESG Management Promotion System

To promote company-wide ESG management, LOTTE HIMART established the ESG Committee within the Board of Directors in 2021 and formed a dedicated organization responsible for ESG practices. The ESG Committee and the External Relations Team collaborate with ESG-related departments to manage company-wide ESG risks, establish and review ESG strategies, and continuously advance ESG management.

ESG Management Organizational Structure



ESG Committee

The ESG Committee, under the Board of Directors, is composed of three independent and specialized external directors and is responsible for leading company-wide ESG management. In addition to managing major non-financial risks related to the environmental, social, and governance, the committee reviews sustainability management strategies and directions, deliberates on performance and implementation plans, and reports to the Board of Directors. In 2024, the ESG Committee held a total of five meetings to review and resolve six issues related to environmental, social, and governance matters.

ESG Committee Operation Status

Operation	Key Agenda	Attendance Rate
1 st (Feb. 2024)	• 2024 ESG operation plan	100%
2 nd (May. 2024)	• Report of ESG operation plan and issues	100%
3 rd (Jun. 2024)	• Publish the Sustainability Report and plan to nurture counseling-specialized talent	100%
4 th (Jul. 2024)	• Report of 2024 energy-efficient product operations status	100%
5 th (Nov. 2024)	• Approve energy reduction through solar power generation plan	100%

Organizations Dedicated to ESG

The External Relations Team (responsible for ESG management) is a dedicated ESG organization that analyzes the ESG needs and trends of internal and external stakeholders, assesses ESG-related risks, reports to the ESG Committee, and develops implementation strategies. It executes ESG strategies in collaboration with relevant departments and regularly monitors performance, which is reported to the ESG Committee. Additionally, the team responds to internal and external ESG assessments, manages ESG disclosures and strategic task implementation, and conducts various activities such as education and campaigns to raise employee awareness of ESG.

Employees' ESG Internalization Activities

Category	Publish ESG Magazine	ESG Training
Cycle	Twice a month	Once a quarter
Key items	<ul style="list-style-type: none"> • Share ESG trends and up-to-date issues • Send a letter-style e-mail to all employees 	<ul style="list-style-type: none"> • Share the company's ESG accomplishments on understanding of ESG • Utilize the mobile training platform

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ESG Management System

Strategy

ESG Promotion Strategy

To ensure that business and ESG move in the same direction, LOTTE HIMART has established “Lifetime Care & Consulting Specialist for Customers” as its ESG vision. To create sustainable value throughout the entire product lifecycle, from sales to disposal, we have identified three core issues—good products, logistics net-zero, and resource circulation—and selected nine initiatives to achieve them. The ESG promotion strategy is implemented in phases, with detailed implementation plans updated annually to reflect the latest ESG issues and internal and external market conditions.

ESG Strategy System

ESG VISION
(Definition of strategy direction)

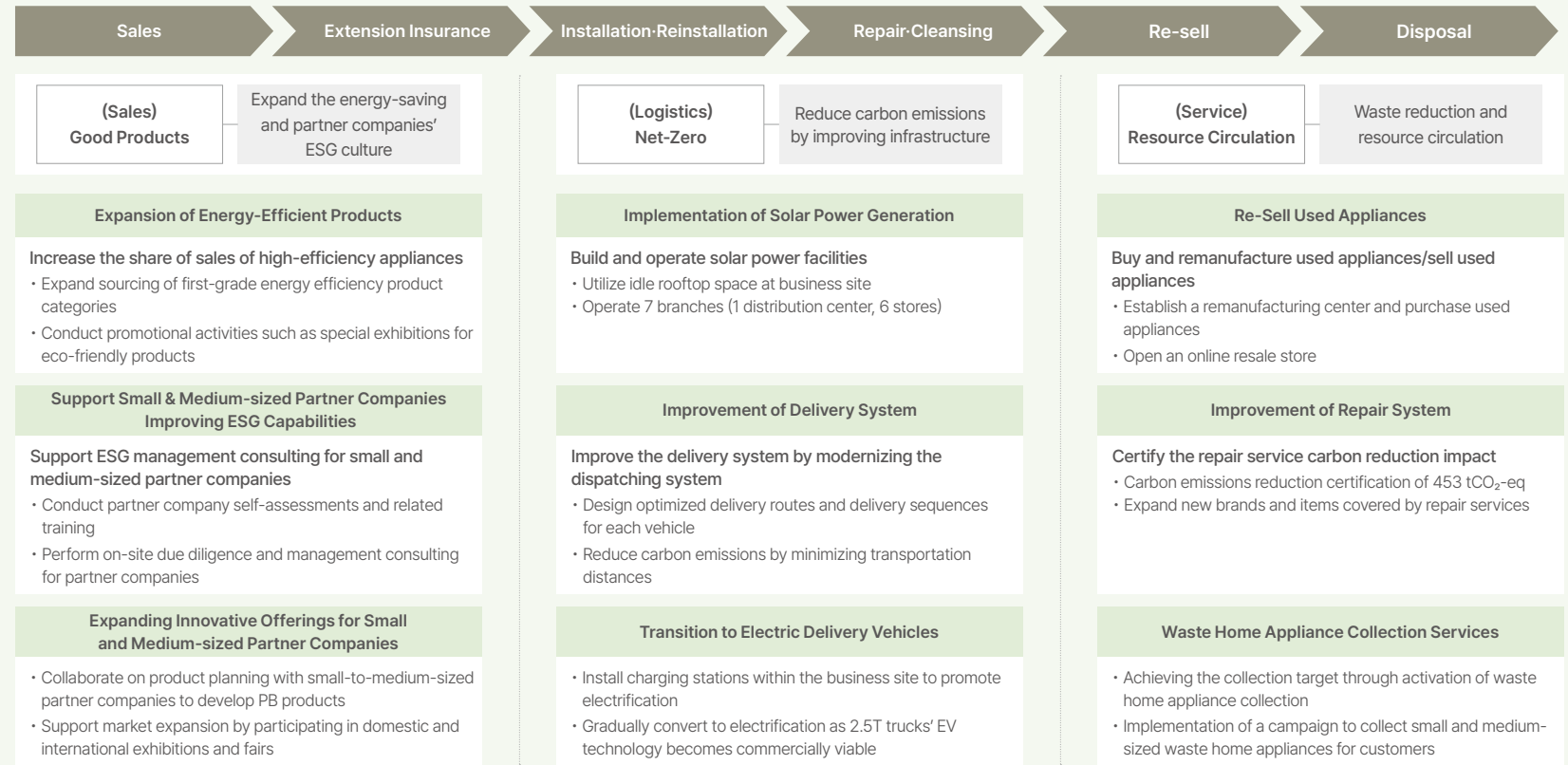
Business Direction

ESG Promotion Direction

Initiatives

ESG Strategy = Corporate Management Strategy “Lifetime Care & Consulting Specialist for Customers”

Pursue lifetime care for the home appliance life & sustainable social value



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ESG Risk Management

Risk Management System

LOTTE HIMART systematically manages risks through an company-wide risk management process, categorizing internal and external risks that may arise in the course of business operations into financial and non-financial risks.



Risk Management per Type

	Risk Type	Risk Impact	Response Strategy
Finance	Finance	• Financial risks arising from liquidity, credit, interest rate fluctuations, and foreign exchange rate changes	• Establish mid- to long-term asset management plans • Monitor the status of domestic and international asset markets
	Environment	• Increased environmental pollution caused by the climate crisis, sanctions, and legal risks and costs created by increased environmental regulations	• Reduce energy usage activities and expanding new and renewable energy facilities • Strengthen resource circularization activities • Expand eco-friendly products and services
Non-finance	Safety-Health	• Loss and legal risk due to fire/safety incidents at the business site	• Strengthen business site safety management systems • Conduct regular safety inspections and enhance internal training
	Information Protection	• Risk of customer information leakage, compromise, and security incidents	• Strengthen the information security management system • Implement ongoing training for employees
	Supply Chain	• Reputational damage and financial impact due to partner companies' ESG risks	• Establish and disseminate a Code of Conduct for partner companies • Support partner companies ESG management consulting
	Employment Labor	• Employees and partner companies' human rights abuses and talent leakage risks	• Strengthen human rights risk management system and train employees • Enhance the employee education system • Establish a fair evaluation and compensation system
	Consumer Rights and Interests	• Legal risk of violating consumer rights and impact on corporate image	• Strengthen the consumer issues and complaint resolution process • Manage customer satisfaction with the service program
	Compliance	• Sanctions for violating social and economic laws and regulations risks • Corporate image damage and financial risks due to regulatory violations and adverse publicity	• Strengthen management and monitoring systems • Conduct training and campaigns to raise awareness

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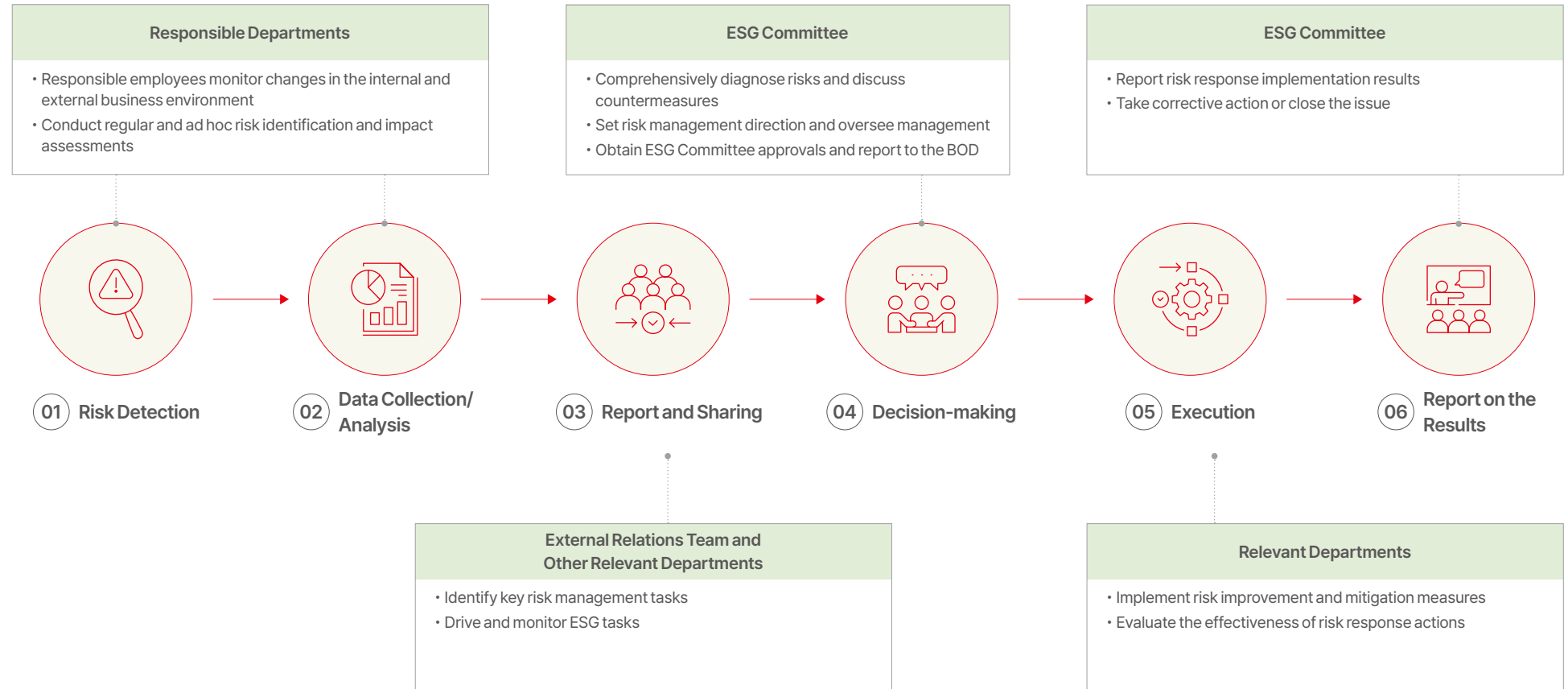
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ESG Risk Management

Risk Management Process

LOTTE HIMART has established a risk management and reporting process to systematically manage risks. To identify key risk management issues, departments identify and evaluate detailed risk factors according to their work and discuss key risks with the External Relations Team. To internalize the risk management system, they report ESG-related risk factors and improvement plans to the ESG Committee, a committee under the BOD, which discusses risk management activities by placing risk management issues on the agenda and reports the approved agenda and major issues to the BOD. In addition, they manage risks by specifying deliberations and approvals in the operation regulations and by approving and verifying risk management policies. Relevant departments implement improvement and mitigation measures for key risks and evaluate and monitor the effectiveness of countermeasures.



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Stakeholder Engagement

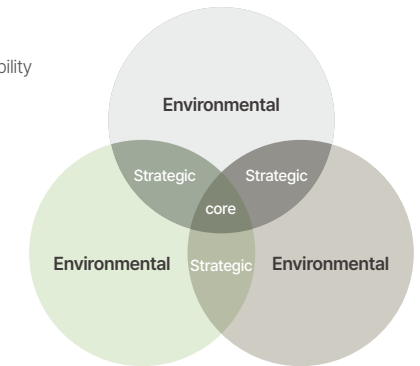
Selection of LOTTE HIMART Stakeholder Groups

LOTTE HIMART categorizes its stakeholders into three groups—core, strategic, and other stakeholders—based on their legal, financial, and operational responsibilities and impacts, according to the standards set forth in ISO 26000. Main stakeholders are defined as employees, customers, partner companies, government and government-related agencies, shareholders and investors, and local communities. We actively strive to meet the expectations and interests of our stakeholders and emphasize communication with them for sustainable management.

Stakeholder Mapping & Grouping

Category	Definition	Stakeholder Groups
Core Stakeholders	Stakeholders essential for corporate survival	Employees, customers, partner companies
Strategic Stakeholders	Stakeholders essential for corporate response to certain issues	Government, government-related agencies, shareholders, investors, and local communities
Other Stakeholders	Those other than core or strategic stakeholders	Media, socially disadvantaged, peer groups, experts

- A group for which LOTTE HIMART holds legal, financial, operation responsibility
- A group affecting LOTTE HIMART's achievements
- A group affected by LOTTE HIMART's management



LOTTE HIMART Stakeholder Engagement

LOTTE HIMART communicates with stakeholders through online and offline channels tailored to the characteristics of each group. We listen to stakeholders' concerns and opinions, incorporate them into our management activities, and expand genuine communication with key stakeholders. We will continue to engage sincerely to maintain strong, trusting relationships.

Stakeholders	Employees	Customers	Partner Companies	Government and Government-Related Agencies	Shareholders and Investors	Local Communities
Interests	<ul style="list-style-type: none"> Employee welfare benefits Taking the opinions from field workers Encouraging the suggestion and sharing of work ideas Respect for human rights 	<ul style="list-style-type: none"> Customer-centric products and services Listening to customers Enhancing customer engagement Personal information protection Store operations and product guidance 	<ul style="list-style-type: none"> Financial and training support Strengthening win-win cooperative cooperation Expand sales channels 	<ul style="list-style-type: none"> Legal compliance Government business participation 	<ul style="list-style-type: none"> Transparent disclosure Enhancing corporate value Sound governance Risk management 	<ul style="list-style-type: none"> Expand social contributions Mutual growth with local communities
Communication Channels	<ul style="list-style-type: none"> Labor-management committee (quarterly) Junior board (quarterly) Intranet (regular) Grievance handling center (regular) Heart Talk (regular) 	<ul style="list-style-type: none"> Customer satisfaction surveys (Regularly held for customers who make purchases) VOC channels (At stores, customer service centers, and homepage bulletin boards) 	<ul style="list-style-type: none"> Outreach meetings (regular) Mutual growth meetings (once a year) 	<ul style="list-style-type: none"> Government and agency public hearings Policy roundtables and seminars 	<ul style="list-style-type: none"> Regular shareholders' meeting Temporary shareholders' meetings (irregular) Publicly available data (regular) Domestic NDRs (quarterly) Company briefings (irregular) 	<ul style="list-style-type: none"> Cooperative organization meeting (regular) Connection with a family of grandparents and grandchildren (regular)
Responsive Activities	<ul style="list-style-type: none"> Operating welfare programs for work-life balance Strengthening employee communication Operating a human rights violation reporting center 	<ul style="list-style-type: none"> Established a dedicated organization and strengthened customer satisfaction policies Enhanced products and services reflecting customer feedback Improved data security 	<ul style="list-style-type: none"> Financial support (Shared Growth Fund, etc.) Capacity building (Mutual Growth Academy, consulting support, etc.) Online and offline sales expansion support, etc. 	<ul style="list-style-type: none"> Fulfill legal responsibilities Participate in public-private project (Establish a public-private partnership for collecting waste home appliances) 	<ul style="list-style-type: none"> Transparent management disclosures Strengthen risk management processes 	<ul style="list-style-type: none"> Develop and operate social contribution programs

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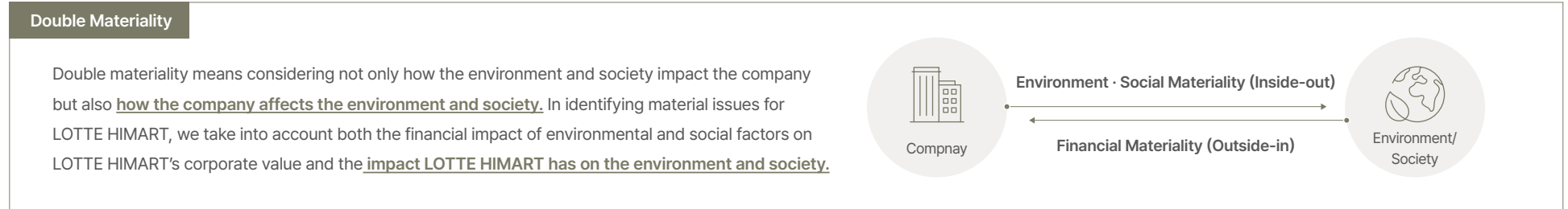
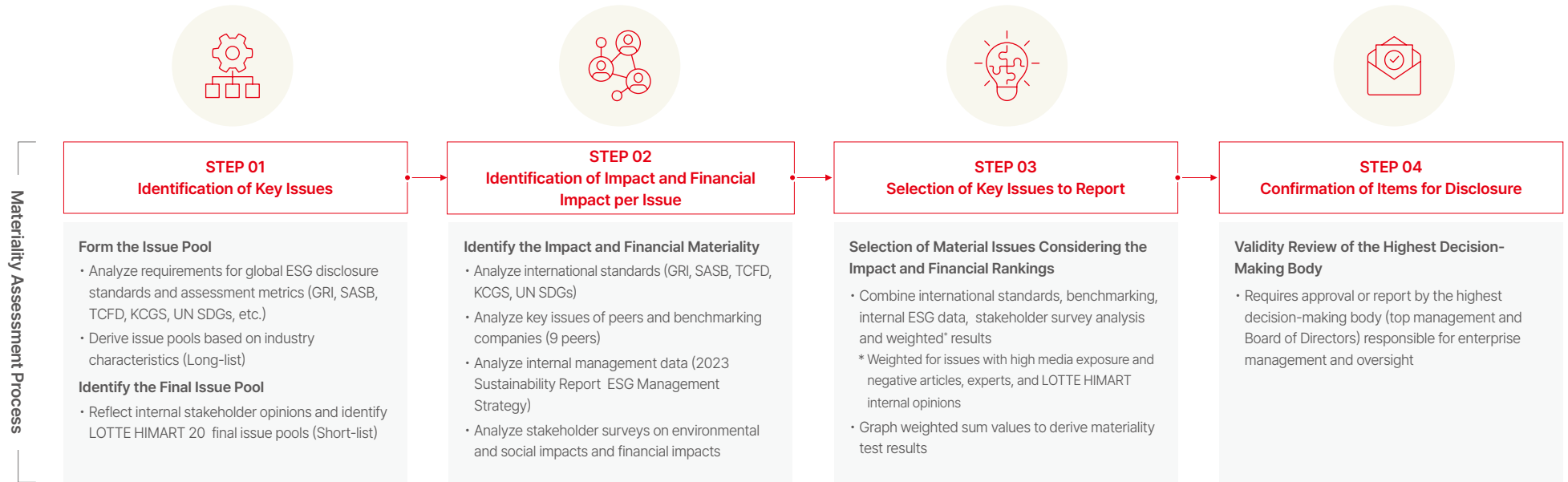
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Materiality Assessment

Materiality Assessment Process

Materiality Assessment Overview

LOTTE HIMART conducts a double materiality assessment every year to communicate transparently with stakeholders and identify key issues in sustainability management. By understanding the organization and analyzing the internal and external environment, 20 sustainability-related topics were identified as priorities. Stakeholder surveys and various impact assessments were then conducted to select the items on which LOTTE HIMART should focus.



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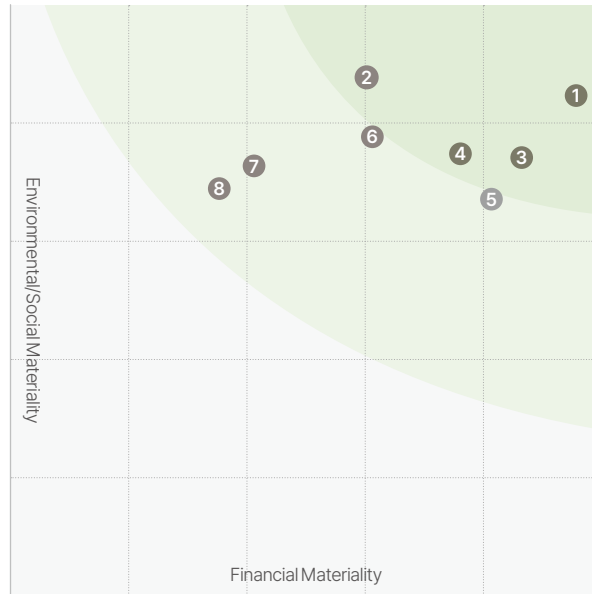
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Materiality Assessment

Materiality Assessment Process

Materiality Assessment Results

LOTTE HIMART has selected 8 material issues from a total of 20 sustainability topics by considering both financial and environmental/social materiality, and has disclosed the details of each topic on the respective pages.



No.	Area	Material Issues	Financial Impact	Environmental-Social Impact	Relevant GRI	Pages	Changes from Last Year
①	Social	Accessibility and customer satisfaction enhancement	●●●	●●●	GRI 416, 417	51-54	-
②	Environmental	Expansion of eco-friendly products and services	●●○	●●●	GRI 301	26-27	-
③	Social	Respect for human rights	●●●	●●○	GRI 401, 404, 405, 406	38-42	New
④	Social	Customer privacy	●●●	●●○	GRI 418	66-68	-
⑤	Governance	Fair trade	●●●	●●○	GRI 206	80-82	-
⑥	Environmental	Establishment of the resource-circular economy system	●●○	●●●	GRI 301, 306	25, 28-29	New
⑦	Environmental	Greenhouse gas reduction	●○○	●●○	GRI 305	35-36	New
⑧	Environmental	Climate change response	●○○	●●○	GRI 201, 302, 305	26, 30-34	New

High ●●● Medium ●●○ Low ●○○

* As a result of the materiality assessment, the new material issues added were "Respect for Human Rights", "Establishment of the Resource-circular Economy System", "Greenhouse Gas Reduction", and "Climate Change Response".

* Meanwhile, the topics of "Workplace Safety", "Enhancing Employees' Competency", "Sustainable Supply Chain Management", and "Ethics and Compliance Management" were removed.



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Materiality Assessment

Materiality Issue Management Method

LOTTE HIMART has identified the environmental and social impacts of its activities related to material issues and is implementing various management activities to maximize positive impacts.

Material Issue	Details	Our Major Activities
Accessibility and customer satisfaction enhancement	Establish management strategies and manage customer rights infringement issues to raise customer satisfaction	<ul style="list-style-type: none"> Build a customer satisfaction management system Establish a customer damage compensation process Conduct customer satisfaction surveys and follow-up management
Expansion of eco-friendly products and services	Expand transformation of services and portfolio that create environmental value by considering the environmental impact of business portfolios, such as energy-efficient products and eco-friendly certified products	<ul style="list-style-type: none"> Certify the repair service carbon reduction impact Increase the percentage of energy-efficient appliances sold Hold promotional events such as eco-friendly exhibitions
Respect for human rights	Respect employees' diversity, equality, and inclusivity while enhancing the management of overall employee human rights, such as the prohibition of discrimination and compliance of working hours	<ul style="list-style-type: none"> Revise the human rights management policy Conduct a human rights impact assessment for all employees Implement human rights education for employees
Customer privacy	Compliance with relevant laws such as the Personal Information Protection Act, the Act on Promotion of Information and Communications Network Utilization and Information Protection, etc., and prevention of leakage of company and individual customer information	<ul style="list-style-type: none"> Manage associated risks with an information security committee operation Establish an information security management system and obtain ISMS certification Conduct internal and partner company audits to improve the level of information security checks Implement training and campaigns to raise internal information security awareness
Fair trade	Prevent anti-corruption, anti-monopoly, unfair competition, and other behaviors that hinder fair trade, and establish market ethics	<ul style="list-style-type: none"> Establish a compliance program system and operate related committees Operate the fair trade reporting center and implement response procedures Train employees on relevant laws and procedures, such as the Act on Fair Transactions in Large Retail Business
Establishment of the resource-circular economy system	Establish a resource circulation structure through the eco-friendly treatment of waste and waste home appliances generated from business sites	<ul style="list-style-type: none"> Raise public awareness through small and medium-sized waste home appliances collecting campaigns Promote eco-friendly disposal through waste home appliances collection and recycling centers Revitalize resource circulation through waste recycling
Greenhouse gas reduction	Improving energy efficiency in the business sites, reducing greenhouse gas emissions by improving logistics systems	<ul style="list-style-type: none"> Improve energy efficiency by installing LED lighting inverter-type cooling and heating systems Adopt renewable energy through solar installations Reduce carbon emissions from delivery vehicles by upgrading the distribution system
Climate change response	Strengthening greenhouse gas monitoring and climate change response activities throughout the entire value chain	<ul style="list-style-type: none"> Build a GHG inventory and obtain third-party verification of emissions Regularly report on climate change issues to the ESG committee Establish a net-zero roadmap and implement strategies

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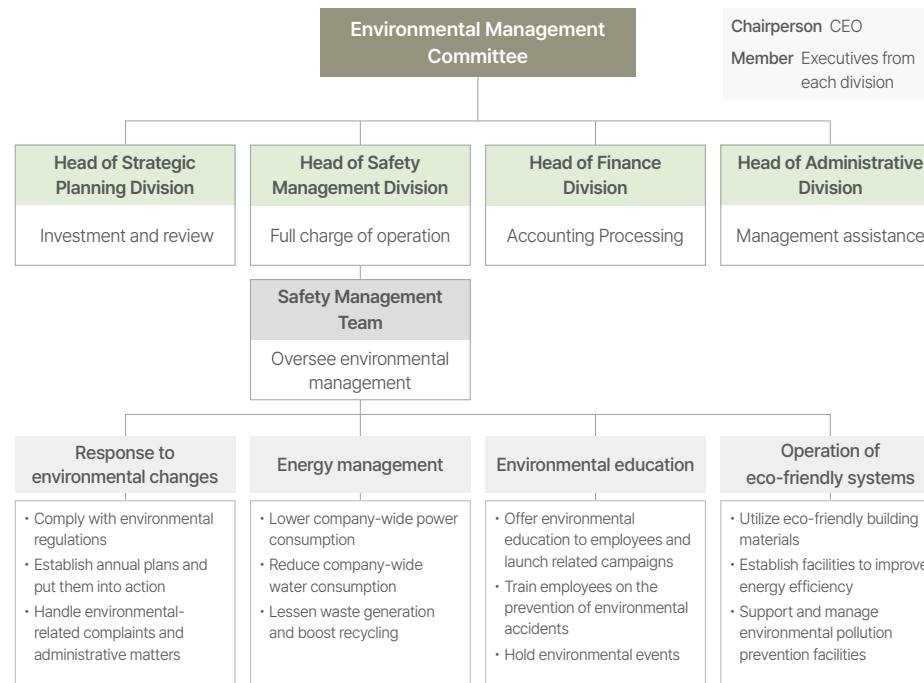
Environmental Management

Environmental Management System

Governance

LOTTE HIMART operates the Environmental Management Committee to promote systematic environmental management. The Environmental Management Committee is chaired by the CEO and composed of executives from each division to enable quick and effective decision-making and task execution. The Committee establishes environmental management strategies and directions, regularly evaluates the performance of the environmental management system, and reports issues and achievements discussed to the ESG Committee for regular review and oversight. The Safety Management Team is a dedicated department under the Environmental Management Committee. It sets environmental management goals and, in collaboration with related departments, carries out activities to manage and reduce environmental impact in order to achieve these goals.

Environmental Management Organizational Structure



Environmental Management Policy

LOTTE HIMART has established six environmental management policies aimed at minimizing environmental impact and promoting efficient energy use. The company prioritizes the environment in all operations and strives to implement management activities in line with these environmental management policies. In addition, we promote sustainable development by practicing eco-friendly management with employees, customers, and partner companies, and by sharing our vision and plans for environmental management. Based on the environmental management policy, employees independently identify improvement measures related to environmental management and conduct performance evaluations based on the degree of goal achievement. Furthermore, we work to support the environmental management efforts of our partner companies to enhance mutual value and maintain sustainable partnerships.



Environmental Management Policy

LOTTE HIMART aim to achieve sustainable development by reducing environmental impact and using energy efficiently, fulfilling their respective roles in environmental management alongside employees, customers, and partner companies.

All employees aim to reduce their energy consumption and impacts on the environment by performing their respective roles in environmental management regarding the environment and energy.

We fulfill our social duties related to environmental protection and diligently comply with domestic laws as a sustainable company.

We develop green goals and action plans and assess the relevant achievements for continuous improvement.

We provide material resources required for green management and operate a systematic management system to improve our achievements.

We share our guidelines and offer program-related assistance for our partner companies to help them participate in green management, pursuing mutual growth with them and responsible management.

We efficiently reduce the amount of resources and energy consumed in sales activities and strive to purchase, distribute, and manufacture eco-friendly products.

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Environmental Management

Environmental Management Promotion System

Opportunities and Risks Management

LOTTE HIMART has identified climate change, resource circulation, toxic substance management, and water resource management as key environmental issues and responds to them strategically by aligning them with the company's overall management direction. Through the operation of the Environmental Management Committee, top management proactively identifies and evaluates the financial impact of major environmental opportunities and risks that may significantly affect the company, while the ESG Committee regularly reviews and manages these matters.

Risk Assessment and Response Strategies for Key Environmental Issues

Key Environmental Issues	Climate Change	Resource Circulation	Toxic Substance Management	Water Resource Management	Laws/Regulations on the Environment
Risks	<ul style="list-style-type: none"> Increased energy costs Costs for natural disaster recovery and lost business Increased investment in facilities for greenhouse gas reduction 	<ul style="list-style-type: none"> Increased costs of recycling waste home appliances increased waste disposal costs 	<ul style="list-style-type: none"> Company's image tarnished by toxic substance spill Spill of toxic substances results in environmental cleanup costs 	<ul style="list-style-type: none"> Increased water usage costs 	<ul style="list-style-type: none"> Violations reduce the company's reputation Violations result in fines
Opportunities	<ul style="list-style-type: none"> Increase sales of seasonal products such as air conditioners, air purifiers, dryers, and more Boost sales through a strategy focused on energy-efficient products Reduce energy costs in the mid- to long-term through energy-efficient facilities 	<ul style="list-style-type: none"> Activate collecting of waste home appliances, repair services, and reselling of used appliances → Acquire potential customers and increase sales Build an eco-friendly corporate image Reduce costs through direct reuse of recycled waste (paper boxes, plastics, etc.) 	<ul style="list-style-type: none"> Prevent toxic substance spills to improve environmental management competitiveness 	<ul style="list-style-type: none"> Reduce mid-to long-term costs by implementing water-saving fixtures 	<ul style="list-style-type: none"> Strengthen the environmental management foundation Reduce risks of reputational damage and fines for violating the law
Short-term goal (~2027)	<ul style="list-style-type: none"> 10% reduction in carbon emissions compared to 2018 (the baseline year) 	<ul style="list-style-type: none"> 100% waste recycling 	<ul style="list-style-type: none"> 0 case of toxic substances emission 	<ul style="list-style-type: none"> Reduce 3% of water use intensity 	<ul style="list-style-type: none"> 0 case of law violation
Mid-term goal (~2030)	<ul style="list-style-type: none"> 35% reduction in carbon emissions compared to 2018 (the baseline year) 	<ul style="list-style-type: none"> 100% waste recycling 	<ul style="list-style-type: none"> 0 case of toxic substances emission 	<ul style="list-style-type: none"> Reduce 4% of water use intensity 	<ul style="list-style-type: none"> 0 case of law violation
Long-term goal (~2040)	<ul style="list-style-type: none"> Achieve net-zero (2040) 	<ul style="list-style-type: none"> 100% waste recycling 	<ul style="list-style-type: none"> 0 case of toxic substances emission 	<ul style="list-style-type: none"> Reduce 5% of water use intensity 	<ul style="list-style-type: none"> 0 case of law violation
Counter-measures	<ul style="list-style-type: none"> Implement an energy conservation campaign Conduct regular natural disaster response drills and risk assessments Increase customer accessibility to eco-friendly products through special exhibitions Supply new and renewable energy through PPA contracts Establish solar power generation facilities 	<ul style="list-style-type: none"> Sign an MOU for E-Cycle Governance Implement campaign to collect waste home appliances Activate MOT for waste home appliances collection Reduce waste generation through the Zero Waste Campaign Reduce disposal costs through an integrated waste disposal management system Re-commercialization of used home appliances through the used home appliance re-sell business 	<ul style="list-style-type: none"> Frequent facility inspections to prevent spills of toxic substances 	<ul style="list-style-type: none"> Implement a water conservation campaign Introduce water-saving fixtures 	<ul style="list-style-type: none"> Perform self-checks and periodic third-party verification

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Environmental Management

Environmental Management Promotion System

Strategy

LOTTE HIMART operates its environmental management 4-Green strategies, which is advanced annually. The environmental strategy is divided into policies, stores, products, and culture, with specific initiative established for each area. We periodically evaluate our performance in all these areas.

4-Green Strategies



Goals and Achievements

To practice systematic environmental management, LOTTE HIMART sets quantitative environmental goals and promotes performance management based on goal achievement. The Safety Management Team, a dedicated environmental organization, establishes achievable yet challenging environmental targets based on trends from the past three years. These goals are categorized into energy savings, carbon emission reduction, resource circular activities, settle environmental awareness, and voluntary environmental management. They are finalized through the Environmental Management Committee after internal review and consultation with relevant departments. In 2024, we successfully achieved all of our environmental management goals.

2024 LOTTE HIMART Environmental Management Goals and Achievements

	2024 environmental management goal	2024 achievement status
Energy savings	Cut power usage by 2% (vs. previous year)	Achieved (Cut 8.1% vs. last year)
Carbon emission reduction	Cut carbon emission by 2% (vs. previous year)	Achieved (Cut 8.1% vs. last year)
Resource circular activities ¹⁾	Recycle waste 100%	Achieved (100% recycled)
Settle environmental awareness	Conduct environmental training to employees at least once a quarter	Achieved (4 times in total, Once a quarter)
Voluntary environmental management	0 case of the environmental law and regulation violation	Achieved (0 case)

¹⁾ Only box and styrofoam waste is incorporated in the waste recycling performance

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Environmental Management

Environmental Management Activities

Internalization of Environmental Awareness

Environmental Training and Campaigns for Employees

LOTTE HIMART conducts environmental training through a mobile training platform to enhance employees' understanding of environmental issues, including eco-friendly products and services. Through this education, we share LOTTE HIMART's environmental management direction and deliver relevant knowledge to raise employees' environmental awareness. Additionally, we run monthly campaigns on various environmental topics to promote eco-friendly living ideas across the company.

Status of Environmental Training Progress

Training Date	Details
Mar. 2024	Learn how waste appliances are recycled
Sep. 2024	Solar power, the pivot of renewable energy

External Activities

LOTTE HIMART is aware of environmental issues related to waste home appliances and carries out various activities to fulfill its corporate social responsibility.

Resource Circulation Education at E-Circularity School

LOTTE HIMART participated in the 'E-Circularity School' program organized by E-Cycle Governance and delivered lectures on electronic product recycling to 10 schools in Seoul. Through the program, students learned about the importance of recycling electronics to protect the environment, as well as LOTTE HIMART's resource circulation activities, HIMART Care service, and waste home appliances collection services.

1) A non-profit organization established to conduct research and develop technologies for collecting used electronics and improving eco-friendly recycle technologies, in accordance with Article 21 of the Act on Resource Circulation of Electrical and Electronic Equipment and Vehicles.

Nationwide Small-sized Home Appliances and Batteries Collection Campaign

From July to August 2024, LOTTE HIMART held a public waste collection campaign in collaboration with the Korea Environment Corporation and E-Cycle Governance to promote the collection of waste small home appliances and power banks, and to raise awareness of resource circulation. The campaign utilized LOTTE HIMART's store infrastructure to collect waste home appliances and batteries and offered giveaways to customers who participated. This helped raise awareness about the necessity of collecting waste small home appliances and waste batteries and encouraged customer participation in resource circulation activities.

Environmental Management Certification

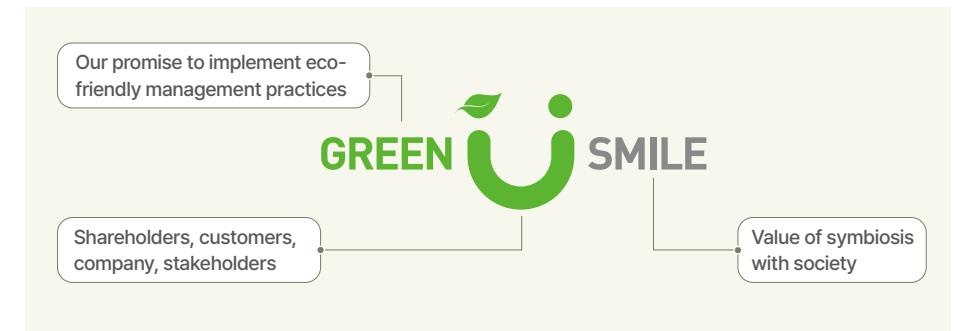
LOTTE HIMART has established an environmental management system based on ISO 14001, the international standard for environmental management systems, to systematically manage its environmental impact. The company was first certified in August 2021 and has renewed the certification annually through continuous improvement. Based on ISO 14001 standards, LOTTE HIMART identifies and evaluates major environmental risks and opportunities by establishing internal processes and strives to minimize negative environmental impacts.



Create a Slogan - Green U Smile

We have established the environmental management slogan "Green U Smile" to internalize the purpose and direction of our eco-friendly management campaigns, communicate our commitment to action, and fulfill our social responsibilities. "Green U Smile" represents LOTTE HIMART's dedication to eco-friendly management in collaboration with shareholders, customers, and employees. It reflects our belief that society and business can achieve the value of coexistence and smile together.

Green U Smile Slogan



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Address: LOTTE HIMART Building, 156, Samseong-ro, Gangnam-gu, Seoul, Republic of Korea
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Website: <https://company.himart.co.kr/>

Environmental Impact Reduction

Eco-friendly Activities

Certification of Repair Service Carbon Reduction Impact

The repair service provided by LOTTE HIMART not only offers customers convenient access to electronics repair but also extends product lifecycles, reducing the need for new product manufacturing and the associated carbon emissions. LOTTE HIMART collaborated with Greenery, a consulting firm specializing in voluntary carbon markets, to measure and quantify the carbon reduction impact of the repair service. As a result, the company obtained certification from an external expert organization for a total carbon reduction of 453 tCO₂-eq in 2023. LOTTE HIMART plans to develop additional eco-friendly services beyond repairs and continue expanding the scope of carbon-reduction-certified services and items.

Repair Service

LOTTE HIMART not only sells home appliances but also aims to manage all stages of a product's life cycle, and among them, the repair service is a service that minimizes inconveniences that occur during the use of home appliances. To enhance the convenience of its repair services, LOTTE HIMART offers repair support through in-store 'HIMART Care' service centers. The company also provides a free service to check the reparability of received items, reducing the burden on customers. LOTTE HIMART's expert repair technicians have an average of over 10 years of experience and undergo continuous training to maintain and improve service quality. The company is collaborating with various electronics manufacturers to expand the range of serviceable items and brands and has obtained official certifications for more than 170 domestic and international brands.

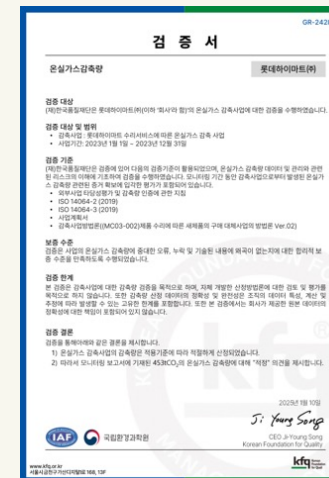


Special Page

Through its repair service, LOTTE HIMART provides free diagnostic services and expands repair support for a wide range of domestic and international brands to increase customer accessibility. In particular, LOTTE HIMART began collaborating with us to scientifically demonstrate the greenhouse gas reduction effect of its repair service and obtain official certification. Starting in the first half of 2024, the two companies recognized that repair services can significantly contribute to GHG reduction and jointly developed a methodology to quantitatively demonstrate this effectiveness. Based on the methodology, the company underwent a verification and certification process, and we helped them produce objective results confirming that their repair activities indeed lead to GHG reduction. Through this collaboration, LOTTE HIMART has established a foundation to more clearly communicate the social value and environmental contributions of its resource circulation activities. We also consider this a meaningful project that has substantially contributed to the company's sustainability management.

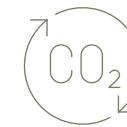


Yoo Sik Hwang, Greenery Co. CEO



GHG emissions reduction certificate

Expected outcomes of repair service



Carbon emissions reduction

Reduce 453tCO₂-eq every year



Impact of planting pine trees

Comparable to planting 68 thousand trees every year

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Environmental Impact Reduction

Eco-friendly Activities

Operation of Eco-friendly Products

Eco-friendly Product Roadmap

LOTTE HIMART is systematically managing eco-friendly products by establishing a roadmap for their development and operation. In 2022, the ESG Committee set standards for eco-friendly products based on Eco-Labels, eco-friendly products, and high-efficiency home appliances, and established a mid- to long-term plan for eco-friendly product management. To implement this plan, we are increasing the sourcing of eco-friendly products and continuously monitoring their performance to expand their share in sales. We are also gradually expanding various events and promotions focused on eco-friendly products.

Vitalization of Energy-Efficient Product Sales

LOTTE HIMART prioritizes discovering and selling energy-efficient products to help customers save energy and promote a more eco-friendly home life. We aim for energy-efficient products to account for 60% of sales and offer various benefits to encourage their purchase. To promote an eco-friendly consumption culture, we have held events such as eco-friendly exhibitions and participated in Korea Electric Power Corporation (KEPCO)'s high-efficiency appliance purchase support project, motivating customers to conserve energy by purchasing eco-friendly products. As a result, the share of energy-efficient products in total sales reached 62.9% in 2024, a 1.3 percentage point increase year-on-year.

Green Consumption-ESG Alliance

The Green Consumption-ESG Alliance held a launching ceremony and agreement with 24 organizations, including consumer organizations, distributors, card companies, and banks, to promote green consumption and production. The alliance is working to expand products certified with Eco-Labels—the key institutional foundation for green consumption—with the goal of engaging companies and consumers in net-zero and green transformation. As part of the alliance, LOTTE HIMART participated in a consultation meeting organized by the Ministry of Environment and the Korea Environmental Industry and Technology Institute. The meeting discussed ways to expand sales of eco-friendly products, addressed issues related to the management of environmental advertisements such as greenwashing, and covered concerns about Eco-Label certification for home appliances. Additionally, during June 2024, LOTTE HIMART operated the Green Consumption Week event organized by the Ministry of Environment and held the 'Energy Efficiency Grade 1 Home Appliance Exhibition' through both an online theme hall and offline events.

Eco-friendly Product Operation Roadmap



Energy-efficient Product Sales Performances



1) Performance is based on 10 out of 16 items managed under the energy consumption efficiency grade system, excluding 6 items subject to the Minimum Energy Performance Standards (MEPS): vacuum cleaners, fans, fan heaters, stoves, and electric ranges.
 2) High-efficiency products refer to those classified as Grade 1 under the efficiency management system operated by the Korea Energy Agency. (Exceptions: Stand air conditioners – Grades 1 to 3 / General washing machines – Grades 1 to 2 / Wired vacuum cleaners – Grades 1 to 3)

Eco-friendly Products Promotion Events



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Environmental Impact Reduction

Eco-friendly Activities

Resource Circulation

Waste Home Appliance Collecting Service

LOTTE HIMART offers free collection of waste home appliances during the delivery and installation of products purchased by customers. Once collected at the distribution center, the waste home appliances are transported to designated recycling centers, where they are disassembled and processed through eco-friendly procedures. To recycle small and medium-sized waste home appliances that cannot be collected during delivery, we have registered over 314 stores nationwide as “collection points for small waste home appliances” on the Korea Resource Recycling Information Center website. Collection boxes for these appliances are also installed in our stores. In addition, we have signed MOUs with the Korea Environment Corporation, E-Cycle Governance, and private companies on ‘public-private small-sized waste home appliance collection system improvement’, making it easier for consumers to dispose of them. We also operate MINTIT, an AI-based used phone purchase ATM device, to facilitate the recycling of waste cell phones.

Waste Home Appliance Resource Circulation



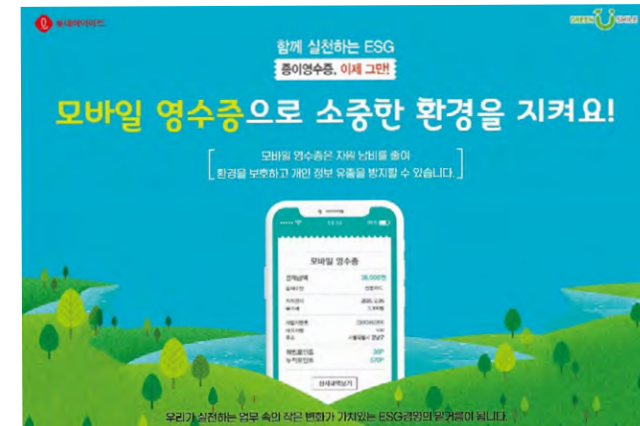
Operation of Eco-friendly Packaging Materials

LOTTE HIMART promotes eco-friendly packaging to reduce waste. Eco-friendly materials are used for shopping bags provided to customers in offline stores, and 100% of the forest resources used in these bags are certified by the Forest Stewardship Council (FSC), ensuring responsible sourcing. We are expanding the use of paper-based tape and cushioning materials in the packaging of online-exclusive products. In addition, we have adopted eco-friendly boxes for some of our PB products. As of December 2024, a total of 48 items were using eco-friendly packaging materials.

* Eco-friendly packaging materials: materials that replace plastic or are certified as eco-friendly to reduce environmental impact.

Electronic Shelf Labels and Mobile Receipts

To minimize unnecessary paper waste, LOTTE HIMART has replaced its traditional acrylic price tags with electronic shelf labels. These electronic shelf labels enable real-time updates of product information through digital systems, improving both environmental sustainability and management efficiency. Additionally, implementing mobile receipt issuance in 2018, we have been running a mobile receipt issuance campaign for customers. Mobile receipts protect the environment by reducing paper consumption, eliminate the inconvenience of storing physical receipts, and prevent personal information leaks that can occur when paper receipts are discarded.



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Environmental Impact Reduction

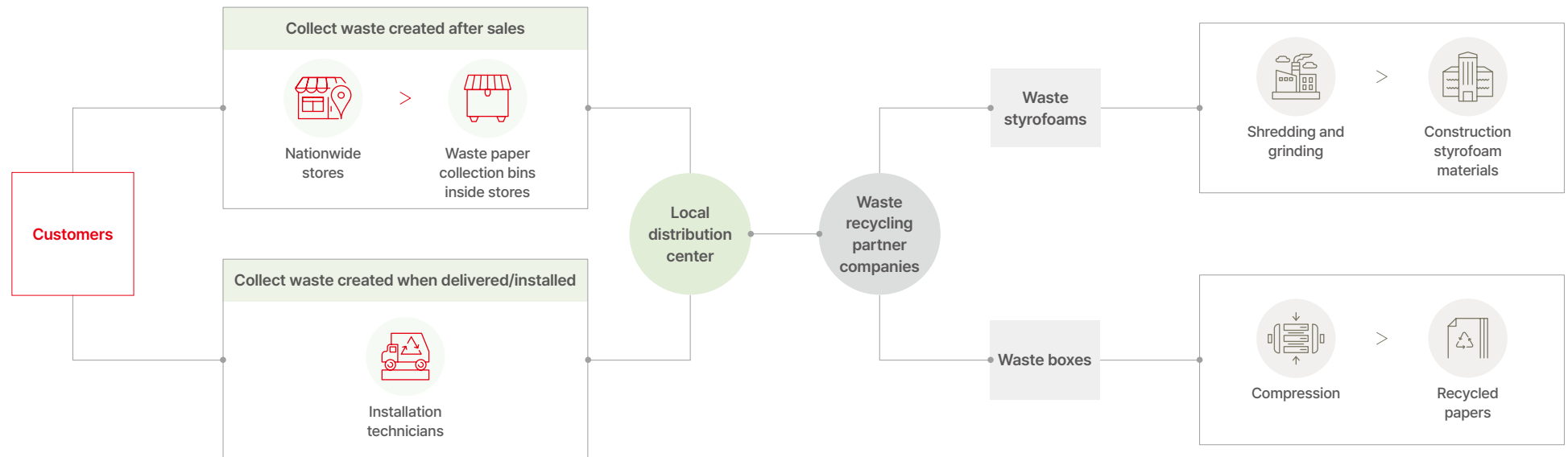
Eco-friendly Activities

Resource Circulation

Delivery and Store Waste Management

To reduce environmental impact and increase the recycling rate of waste, LOTTE HIMART has established a virtuous circulation system for the efficient collection and recycling of box and styrofoam waste generated during deliveries. This system operates through a nationwide network of stores, distribution centers, and partner companies. Waste generated during the delivery and installation of home appliances is collected upon completion of delivery, while waste generated at each store after sales is gathered using in-store waste paper collection bins. The collected waste is then transferred to recycling partner companies via regional distribution centers and recycled into materials such as recycled paper and construction-grade styrofoam. Additionally, for construction projects that may generate designated waste—such as waste transformers or insulating oil—LOTTE HIMART entrusts disposal to licensed waste management contractors in compliance with the Waste Control Act.

Waste Recycling System



Waste Recycle Performances¹⁾

(Unit: Ton)

Category	Created Volume	Recycled Volume	Recycling Rate
Waste boxes	3,103	3,103	100%
Waste styrofoams	751	751	100%
Total	3,854	3,854	100%

1) Only box and styrofoam waste is included in the waste recycling performance.
 * The same criteria are used for submission to the Waste Legitimate Disposal System (Allbaro).
 * Based on the aggregated throughput consigned to waste recycling partner companies.

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TCFD Overview

LOTTE HIMART aims to realize '2040 Net-Zero' to overcome the climate change crisis and achieve sustainable development while contributing to the creation of a society where future generations can live in a cleaner environment. We are committed to joining the international community's efforts to address the climate crisis and are working to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Key Elements of TCFD Recommendations



Governance

Management's Responsibilities

The management recognizes that climate change has a significant impact on the overall business, as well as on the external society and environment. Therefore, LOTTE HIMART operates the Environmental Management Committee to continuously manage the risks and opportunities caused by climate change, establish the overall direction of environmental management, and strengthen capabilities for environmental management. The Environmental Management Committee, chaired by the CEO, strives to achieve the 2040 Net-Zero goal by enacting relevant regulations to reduce the environmental impact of all business sites, including issues related to climate change.

ESG Committee

Since 2021, LOTTE HIMART has established and operated the ESG Committee, a committee under the Board of Directors. The ESG Committee establishes ESG management strategies and policies, manages and supervises their performance, and serves as the highest decision-making body responsible for ESG management. LOTTE HIMART has identified climate change response as a major issue in the environmental field, and the ESG Committee is establishing risk assessments and strategies related to the climate crisis. The committee holds regular meetings once a year on climate change-related risks and opportunities, including the expansion of eco-friendly products, the expansion of electric vehicles for delivery, and carbon emission reduction through improvements in the delivery system. Extraordinary meetings are convened as needed, and the results are reported to the Board of Directors.

2024 ESG Committee Activities

Agenda Items	Details	Reporting Date	Attendance Rate
Expansion of eco-friendly products	Reducing carbon emissions by expanding sales of energy-efficient products	4 th (Jul. 2024)	100%
Expansion of renewable energy	Reduction of carbon emissions through establishing solar power generation equipment	5 th (Nov. 2024)	100%



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Risk Management

Company-wide Risk Management System

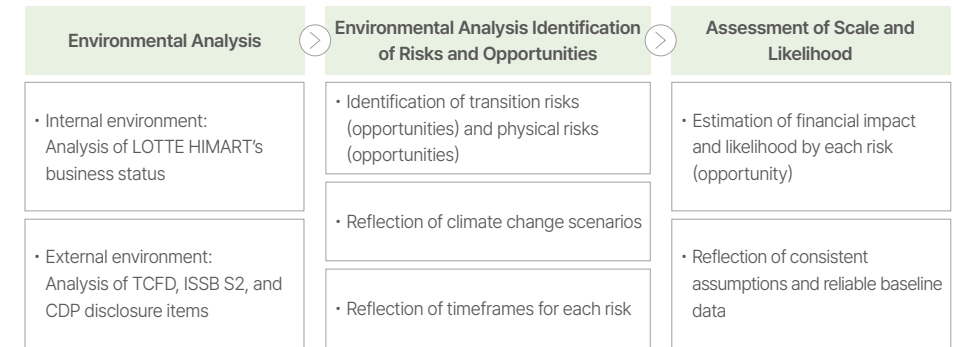
LOTTE HIMART continues to manage and improve the major sources of risk identified in response to climate change and to implement optimal measures. With the lead of environmental management dedicated department, we designate environmental managers at each distribution center and branch to conduct environmental management and evaluate their performance once a year. Furthermore, based on the environmental management system (ISO 14001) certification, we have established and are operating an internal process that can identify and evaluate major environmental risks in conjunction with the company-wide integrated risk management system.

Environmental Issues and Risks Management Process (ISO 14001)



Climate Change Risk Management System

Climate Change Risk Identification and Assessment System



Climate Change Risk Categorization

Type	Transition risk	Physical risk
Details	Impacts of policy and regulatory changes, technological advancements, market shifts, and reputational effects due to climate change	Acute and chronic risks to business infrastructure resulting from extreme weather events and intensified climate anomalies caused by climate change
Related scenarios	<ul style="list-style-type: none"> * SSP1-2.6 IPCC 6th Assessment Report Scenario (1.8°C increase by 2040) * RCP2.6 IPCC 5th Assessment Report Scenario (1.3°C increase by 2040) 	

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Risk Management

Climate Change Risk Analysis

Type	Risk	Description	Likelihood	Impact	Likelihood×Impact
Physicla risk	Rising costs for preventing extreme weather such as typhoons and floods and natural disasters	• The frequency of extreme weather events such as typhoons and floods is rising caused by global warming, leading to higher facility investment costs for prevention and increased recovery costs and business losses when disasters occur	MID	MID	
	Rising business site energy costs for operating heating and cooling systems	• As climate change leads to more days of extreme weather (heat waves, cold waves), the use of heating and cooling systems increases, resulting in higher electricity demand, and rising energy costs	HIGH	HIGH	
Transition risk	Growing business risks due to non-compliance with strengthened environmental regulations	• Failure to comply with environmental regulations can lead to sanctions, resulting in the suspension of sales of related products and services, thereby reducing operating profits	LOW	MID	
	Increased facility investment costs for GHG reduction due to adoption and transition to low-carbon technologies	• Costs incur for PPA contracts, REC purchasing, and solar facility investments for the transition to renewable energy	MID	LOW	
	Increased likelihood of lawsuits due to non-compliance with laws, leading to a decline in corporate image	• Violations of environmental laws can result in litigation costs, fines, and sales losses due to a decline in corporate image	LOW	HIGH	
	Decreased sales of low energy efficiency products owing to changes in customer preferences	• If customer expectations for eco-friendly products are not met, it can lead to a decline in reputation and sales, particularly for products with low energy efficiency	MID	HIGH	

Climate Change Opportunity Analysis

Type	Opportunity	Description	Likelihood	Impact	Likelihood×Impact
Resource efficiency	Reduction of GHG emissions and energy costs by using high-efficiency equipment and eco-friendly energy in stores	• Enhancing the energy efficiency of facilities in stores and distribution centers, and procuring energy, including electricity and fuel, from renewable sources to reduce GHG emissions and save energy costs	MID	HIGH	
Energy source	Reduction of electricity costs by concluding renewable energy supply contracts and joining power generation projects	• Transitioning from fossil energy to renewable energy through PPA contracts to mitigate GHG emissions and cut down energy costs in response to continuously rising power prices	MID	LOW	
Market	Increase in eco-friendly product sales and customer loyalty through the expansion of green and high-efficiency products	• Contributing to the rise in sales by meeting customer needs for eco-friendly consumption with products made from green materials, energy-efficiency products, and products with Eco-Labels	MID	HIGH	
	Increase in seasonal product sales due to extreme weather	• Expanding sales of seasonal products, such as air conditioners due to an increase in heat wave days, and air purifiers and dryers due to an increase in fine dust caused by global warming	HIGH	HIGH	
Resilience	Reinforcement of environmental management competitive edge through proactive compliance with environmental laws	• Reducing the potential for environmental litigation costs and fines by proactively complying with environmental laws and strengthening eco-friendly marketing	LOW	LOW	
	Mitigation of mid- to long-term risks through disaster prevention facilities	• Reducing repair and replacement costs for facilities that may be damaged by disasters, such as typhoons and floods, by upgrading buildings and facilities vulnerable to extreme natural disasters and taking various preventive measures	MID	MID	

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Strategy

Financial Impact from Climate Change-related Risks and Opportunities and Our Response Strategy

	Climate-related Risks and Opportunities Factors	Type	Financial Impact of Climate Change-related Risks	Financial Impact of Climate Change-related Opportunities	Our Response Strategy
Transition risk	Policy/Regulation Strengthening environmental regulations	Short-term	<ul style="list-style-type: none"> Operational risks due to failure in responding to new policies 	<ul style="list-style-type: none"> Enhancing the competitiveness of environmental management through preemptive response to new policies 	<ul style="list-style-type: none"> Continuous monitoring of trends in environmental regulations, ongoing management and supervision Preemptive implementation of Scope 3 emissions reduction
	Technology Switching to low-carbon technology	Long-term	<ul style="list-style-type: none"> Increased costs of facility investments to reduce greenhouse gas emissions 	<ul style="list-style-type: none"> Reduction of greenhouse gas emissions and energy costs in business site Signing supply contracts for renewable energy and reduced costs for participating in electricity generation projects and power consumption 	<ul style="list-style-type: none"> Switching to renewable energy (PPA contract, REC purchasing) Pilot construction of G-SEED buildings (zero-energy) Installation of independent solar generators in distribution centers Replacement of eco-friendly LED lights and outdated cooling and heating systems
	Law Risk of litigation	Short-term	<ul style="list-style-type: none"> Decline in corporate image due to failure to comply with laws 	<ul style="list-style-type: none"> Improving the competitiveness of environmental management by preemptively responding to environmental laws 	<ul style="list-style-type: none"> Occasional monitoring of violations and disclosure of actions taken
	Market Changes in customer preferences	Mid-term	<ul style="list-style-type: none"> Customer dissatisfaction due to unmet expectations for eco-friendly products Reduced sales of products with low energy-efficiency 	<ul style="list-style-type: none"> Increased loyal customers by expanding range of more eco-friendly product Boosting sales by focusing on selling highly energy-efficient products 	<ul style="list-style-type: none"> Reinforcing accessibility to eco-friendly products through eco-friendly exhibitions Adopting MOT that provides information on the eco-friendliness of products during product counselling
	Reputation Failing to meet market expectations	Long-term	<ul style="list-style-type: none"> Decreased sales and investment due to declining reputation 	<ul style="list-style-type: none"> Reinforced green brand image through active practice of environmental management 	<ul style="list-style-type: none"> Expansion of environment protection-related social contribution activities Disclosure of the environmental achievements of the Net-Zero 2040 roadmap
	Physical risk	Acute Extreme weather conditions such as storms and floods	Short-term	<ul style="list-style-type: none"> Increased cost of facility investments to prevent natural disaster Recovery costs and business losses in the event of a disaster 	<ul style="list-style-type: none"> Resolving mid- to long- term risks through installing natural disaster prevention facilities Increased purchases of home appliances due to damage caused by natural disasters
Chronic Extreme weather variation		Long-term	<ul style="list-style-type: none"> Increased business site energy costs due to the operation of heating and cooling facilities 	<ul style="list-style-type: none"> Increased sales of seasonal products such as air conditioners, air purifiers, and dryers 	<ul style="list-style-type: none"> Providing guidelines for flexible power consumption by time period Launch of energy-saving campaigns

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Targets and Metrics

LOTTE HIMART has established and is implementing a roadmap to become Net-Zero by 2040 and is calculating GHG emissions (Scope 1, 2, and 3) to assess and manage risks and opportunities related to climate change. Emissions are calculated in accordance with IPCC guidelines, and third-party verification enhances the reliability of GHG emissions.

Moving forward with our mid-term roadmap, which aims to reduce carbon emissions by 35% compared to 2018 by 2030, we plan to expand the construction of solar facilities, sign PPAs, and purchase REC certificates to ensure a stable supply of renewable energy in order to achieve Net-Zero by 2040.

GHG Emissions

(Unit: tCO₂-eq)

Category		2018 (base year)	2022	2023	2024	2024 goal	Emissions compared with the goal
Total emissions		55,308	58,780	51,895	47,811	50,857	▼ 3,046 (▼ 6.0%)
Scope 1	Business vehicles and city gas	396	396	379	364	371	▼ 7 (▼ 1.9%)
Scope 2	Electricity	54,912	49,108	43,406	39,870	42,538	▼ 2,668 (▼ 6.3%)
Scope 3	Delivery vehicle	-	9,276	8,110	7,577	7,948	▼ 371 (▼ 4.7%)
Intensity (Scope 1+2)	Intensity per KRW 100 million sales	1.34	1.48	1.68	1.71	1.64	▲ 0.06 (▲ 3.8%)

* Potential risks from Scope 1, 2, and 3 emissions

- Scope 1: Gasoline, the primary fuel for business vehicles, is a representative fossil fuel. A significant amount of carbon dioxide is emitted during both the production and use of gasoline. Additionally, the city gas (LNG) used in company cafeterias and resorts also emits carbon dioxide during its use.
- Scope 2: About 30% of domestic electricity production comes from coal-fired power plants, which emit a large amount of carbon dioxide during the electricity generation process.
- Scope 3: Diesel, the primary fuel for delivery vehicles, is a representative fossil fuel, and a significant amount of carbon dioxide is emitted during both the production and use of diesel.

*Scope 3 emissions for 2024 were calculated according to the revised criteria.

GHG emissions calculation



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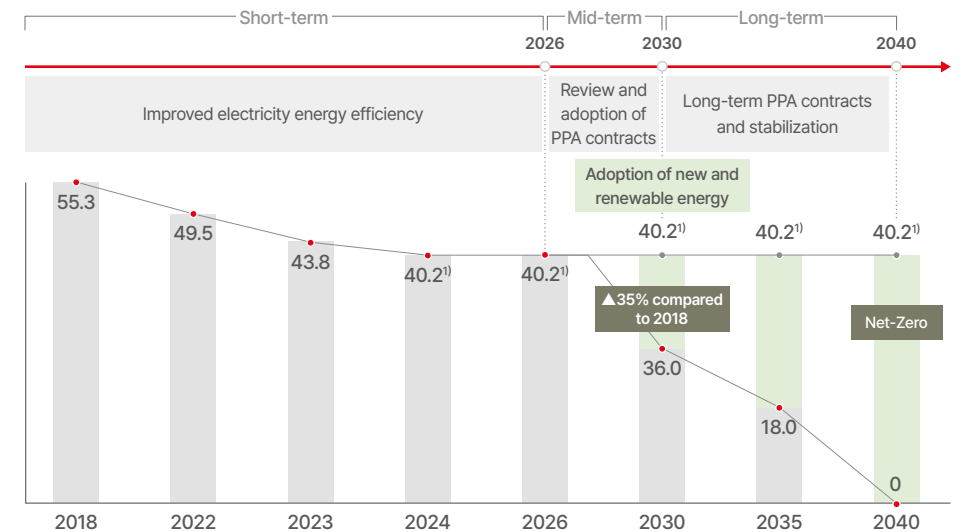
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Net-Zero Scenario

(Carbon dioxide emissions / Unit: 1,000 tCO₂-eq)



■ Carbon emissions (Scope 1, Scope 2) ■ New and renewable energy -●- BAU

* BAU: Business As Usual (estimated emissions if carbon reduction measures are not implemented)

* PPA: Power Purchase Agreement (a long-term electricity trading contract between a company and a power producer, brokered by Korea Electric Power Corporation (KEPCO))

* Scope 1+Scope 2: Based on Scope 1 and Scope 2 emissions

1) Updated the figures by calculating 2024 emissions.

Energy Consumption

(Unit: G.J)

Category	2018 (base year)	2022	2023	2024	2024 goal	Consumption compared with the goal
Energy consumption ¹⁾ (Scope 1+2)	1,117,410	1,000,037	884,447	839,611	866,758	▼ 27,147 (▼ 3.1%)
Intensity ²⁾	2717	29.97	33.89	35.63	33.21	▲ 2.42 (▲ 7.3%)

1) Total energy consumption of the organization

2) Based on KRW 100 million in sales

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Climate Action

GHG Emissions Reduction Management

GHG Reduction at Business Sites

Change to LED in Stores

To contribute to reducing greenhouse gas emissions, LOTTE HIMART installed high-efficiency LED lights in its stores, which are 38% more energy efficient than conventional lighting. In 2024, the company installed a total of 881 high-efficiency LED lights in two newly opened stores, reducing greenhouse gas emissions by approximately 25 tCO₂-eq per year compared to conventional lighting.

Improved Heating and Cooling Efficiency

LOTTE HIMART is reducing greenhouse gas emissions by replacing old electric cooling and heating systems in its stores with high-efficiency inverter-type cooling and heating systems that are 35% more energy efficient than conventional models. In 2024, a total of 20 in-store cooling and heating systems were replaced, reducing GHG emissions by approximately 188 tCO₂-eq per year.

Adoption of Solar Power Generation Facility

In April 2025, LOTTE HIMART began building a solar power generation system to respond to climate change through the transition to renewable energy. The solar power generation facility was installed using idle space on the roofs of seven business sites, including the Icheon Distribution Center and six stores (Guri, Suwon, Seogok, Sangmu, Yeosu, and Gyeongsan), and is expected to generate 561 MWh of eco-friendly renewable electricity annually and reduce greenhouse gas emissions by 258 tCO₂-eq. As solar power generation not only reduces greenhouse gas emissions but also contributes to energy cost savings, we plan to gradually expand the number of solar power facilities at our business sites.



Suwon store solar panel facility

Special Page

Q. What made you decide to go solar?

As most of LOTTE HIMART's energy usage comes from electricity for business sites operations and there is limited scope to reduce consumption, it is necessary to introduce renewable energy to reduce greenhouse gas emissions. Accordingly, while reviewing ways to convert fossil fuels to eco-friendly renewable energy in an economical way, I learned about a government-supported project that could provide subsidies for the construction of solar power facilities, and I participated in the project and introduced solar power facilities.



Byeon Sang gi, Team Leader of Construction Facility Team

Q. How can LOTTE HIMART benefit from a solar facility?

In addition to reducing electricity bills, solar power is an eco-friendly renewable energy source that lowers greenhouse gas emissions and contributes to LOTTE HIMART's net-zero through the issuance of renewable energy certificates (RECs).

Q. What is your future plan?

Solar power generation is considered the most basic and efficient method among LOTTE HIMART's net-zero implementation plans. Therefore, we will continue to monitor and evaluate the operational performance of the solar power generation facilities at the seven business sites currently in operation and plan to increase the number of business sites with solar power facilities.

Expected outcomes of solar power generation



Carbon emissions reduction
 Reduce 258tCO₂-eq every year



Impact of planting pine trees
 Comparable to planting 39 thousand trees every year

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- Environmental Management
- Environmental Impact Reduction
- Climate Action**

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The details on LOTTE HIMART are available on its website. For more information, please contact us using the details below.

Address: LOTTE HIMART Building, 156, Samseong-ro, Gangnam-gu, Seoul, Republic of Korea
 Department: LOTTE HIMART External Relations Team
 E-mail: himart.esg@lotte.net
 Website: <https://company.himart.co.kr/>

Climate Action

GHG Emissions Reduction Management

GHG Reduction in Logistics

Delivery System Improvement

LOTTE HIMART is striving to reduce greenhouse gas emissions during the logistics stage by upgrading and streamlining delivery routes. In August 2024, we upgraded our transportation management system and shifted from setting delivery routes based on straight-line distances to routes based on actual driving paths, improving work efficiency and reducing carbon emissions caused by differences between expected and actual driving routes. To efficiently manage delivery routes, we conduct pre-assigning deliveries three days before delivery. To prevent arbitrary changes to routes, we assign delivery orders considering the customer's requested delivery time and efficiently manage delivery schedules. Additionally, to enhance dispatch efficiency, we introduced an automated dispatch system based on optimal delivery zones, replacing the previous manual zone-based method. This change not only increases the automation rate of dispatch operations but also shortens the time needed to plan dispatch schedules.

Adoption of EV (Electric Vehicle) for Delivery

LOTTE HIMART is promoting the conversion of its delivery vehicles to eco-friendly electric vehicles to reduce greenhouse gas emissions at the logistics stage. In collaboration with our logistics partner companies, we have established a goal to convert to electric vehicles and are carrying out various activities to achieve this goal. To highlight the fuel cost savings and eco-friendly benefits of EVs, we have conducted EV awareness training for delivery drivers and are considering installing EV charging facilities at six distribution centers across the country to provide convenience for EV use. We will continue to consult with our logistics partner companies and delivery drivers on electric vehicle conversion in line with the trend of commercializing electric vehicles for large trucks of 2.5 tons or more, which make up a significant proportion of logistics delivery vehicles. We are also gradually converting forklifts in our distribution centers to electric models. As of the end of 2024, we operate 77 electric forklifts and plan to gradually replace 15 diesel forklifts.

2024 EV Ownership Ratio

	Delivery vehicles	Forklifts	Total
Total no. of vehicles	349	92	441
No. of EVs	6	77	83
Ownership ratio	1.7%	83.7%	18.8%

GHG Mitigation in Local Communities

Reduction of Indirect Emissions through Collaboration on Car-sharing Services

In an effort to indirectly reduce pollutants and greenhouse gas emissions, we are collaborating with 'Socar', a leading car sharing platform. One shared vehicle has the effect of preventing 8.5 cars and reducing carbon emissions by 0.27 tons, and the operation of 'Socar Zone' saved about 50 tons of carbon emissions in 2024. We are operating 'Socar Zone', which provides convenience of movement through car sharing, in the idle parking lots of more than 130 stores nationwide, and will gradually increase the number of operating stores to continue our efforts to reduce carbon emissions.

Installation of Ultra-fast EV Charging Facilities

LOTTE HIMART is expanding its in-store electric vehicle charging facilities to not only provide convenience to customers using electric vehicles but also contribute to reducing greenhouse gas emissions. Currently, we have installed and operate electric vehicle charging facilities at four stores, including the LOTTE HIMART Daechi store. In June 2022, we installed 'Charger5,' an ultra-fast electric vehicle charging facility utilizing Vanadium Ion Battery Energy Storage System (VIB ESS), at the Apgujeong store. The VIB ESS has a low fire hazard and an instantaneous output of nearly 200 kW—four times that of existing ultra-fast charging facilities—enabling a standard EV to be fully charged in 20 minutes. The company has formed a consortium with Standard Energy and LOTTE CHEMICAL to operate the facility and has received regulatory sandbox approval.



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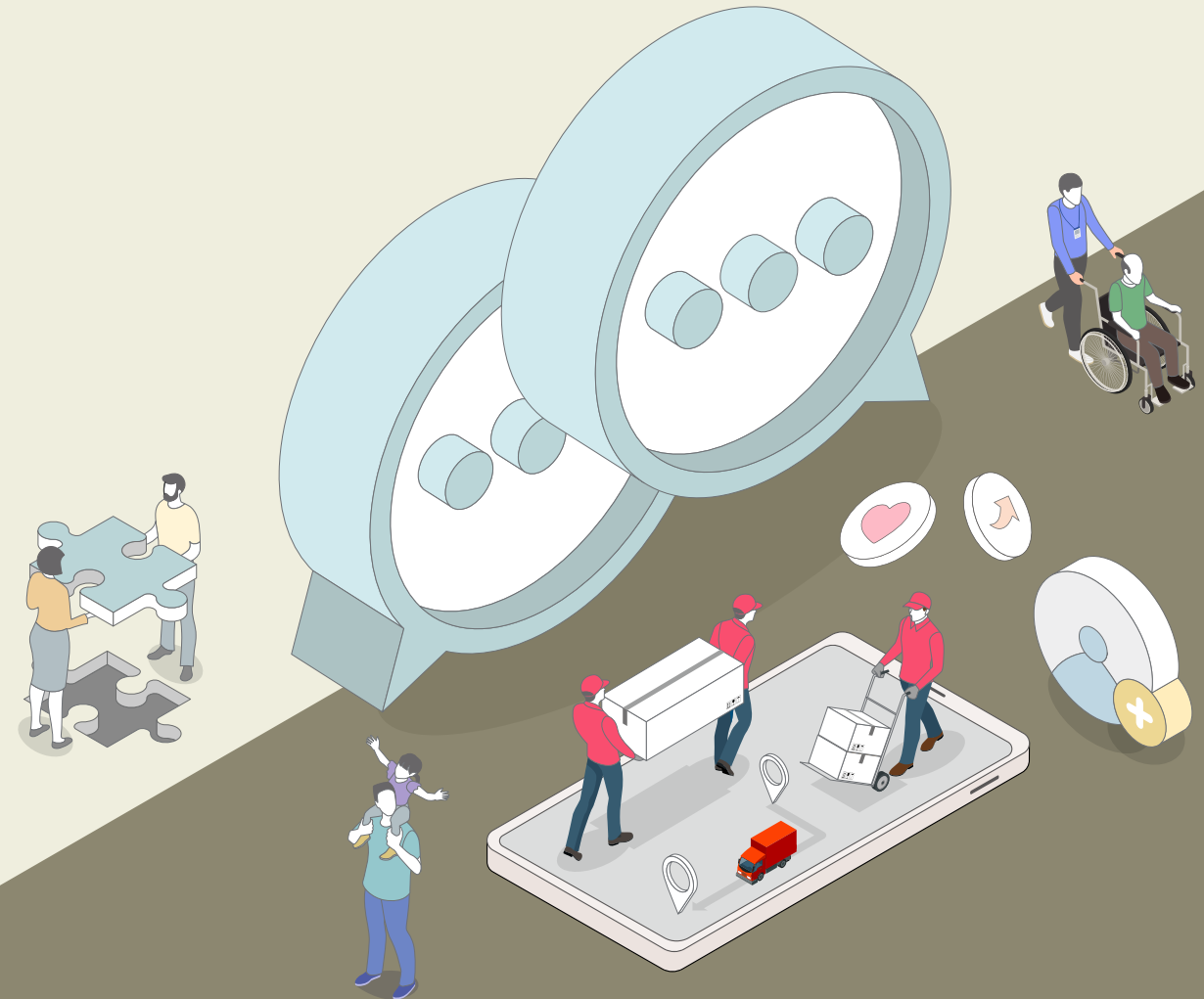
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Human Rights Management

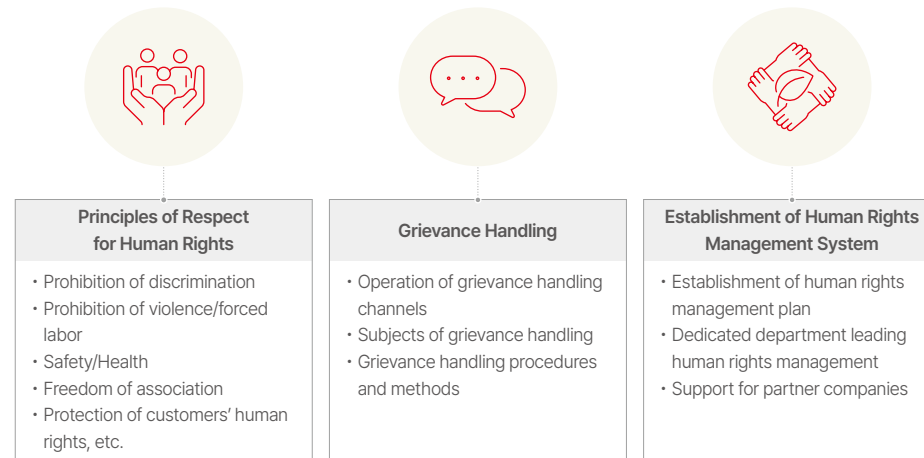
Human Rights Management Policy and Governance

Human Rights Management Charter

We have established and operate a Human Rights Management Charter based on humanism for our employees, respecting the human rights of our members and all other stakeholders and managing potential human rights risks that may arise during business operations. We have established and comply with a human rights system based on international and domestic standards and guidelines related to human rights, including the UN Universal Declaration of Human Rights, UN Nations Global Compact, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, ILO Fundamental Conventions, Human Rights Management Manual for Public Institutions (National Human Rights Commission of Korea), and the Draft Guidelines on Human Rights Management (Ministry of Justice). In 2022, based on these principles and frameworks, LOTTE HIMART established a Human Rights Management Charter that includes provisions such as the prohibition of forced labor, prohibition of child labor, compliance with working conditions, prohibition of discrimination, and freedom of association. The Charter was approved by the ESG Committee and is publicly available on the company's website and internal intranet. All our employees are required to comply with the Human Rights Management Policy in their interactions with all stakeholders—including internal personnel, partner company employees, and customers—and must annually pledge to faithfully uphold its principles.

LOTTE HIMART Human Rights Management Charter

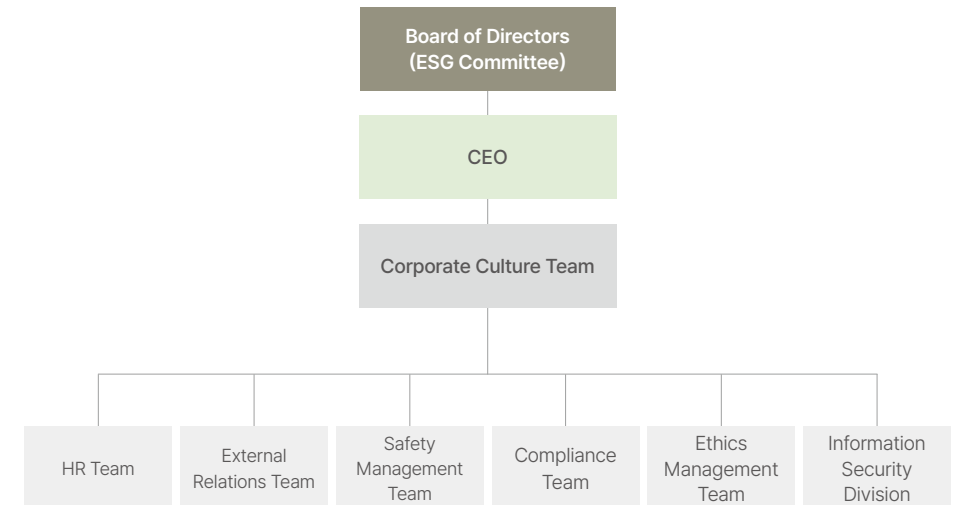
LOTTE HIMART Human Rights Management Charter



Organizational Structure

We have established an ESG governance framework to effectively manage human rights practices. The ESG Committee, our highest decision-making body, discusses human rights issues, approves related policies, and manages key activities. The CEO makes decisions on key human rights management issues and reviews key outcomes. The Corporate Culture Team, which leads company-wide human rights management efforts, provides clear guidelines based on the Human Rights Management Charter to help both internal and external stakeholders implement human rights practices. The team also establishes and executes action plans and reports progress to the CEO and ESG Committee. The Ethics Management Team, Information Security Division, Safety Management Team and other relevant departments manage human rights risks in their respective areas, set specific indicators, identify risks, and deriving improvement measures.

Human Rights Management Organizational Structure



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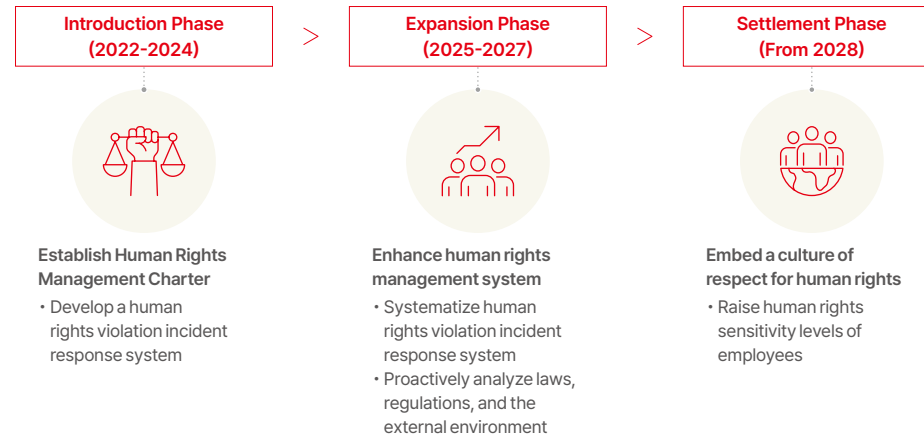
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Human Rights Management

Human Rights Management Policy and Governance

Mid- to Long-Term Roadmap for Human Rights Management



Category	Indicator	Current Level	Target Level	Target Year	Detailed Action Plan
Human Rights Management	Expand human rights impact assessments	Employees	All partner companies	2030 (Long term)	• Share best practices and support human rights impact assessments for partner companies
	Enforce annual human rights management education	1 time	2 times	2027 (Medium term)	• Conduct special lectures by experts • Strengthen on-site education
	Advancement of human rights policy	2022 Policy development	Policy revision	2025 (Short term)	• Revision and continuous improvement of human rights policy • Implementation of human rights policy guidance education
Corporate culture	Response rate to workplace sexual harassment/bullying	100%	100%	2030 (Long term)	• Operate continuous grievance reporting channels with expert responses • Operate communication channels for female employees • Guide grievance handling reporting system through campaigns
Diversity	Employment rate of people with disabilities ¹⁾	3.1%	3.5%	2026 (Short term)	• Conduct awareness education on people with disabilities • Strengthen female talent capability and enhance maternity protection programs
	Ratio of female employees ²⁾	29.1%	30.0%	2026 (Short term)	

1) Based on standards reported to the Korea Employment Agency for Persons with Disabilities (double count for severely disabled, full-time worker, monthly average)

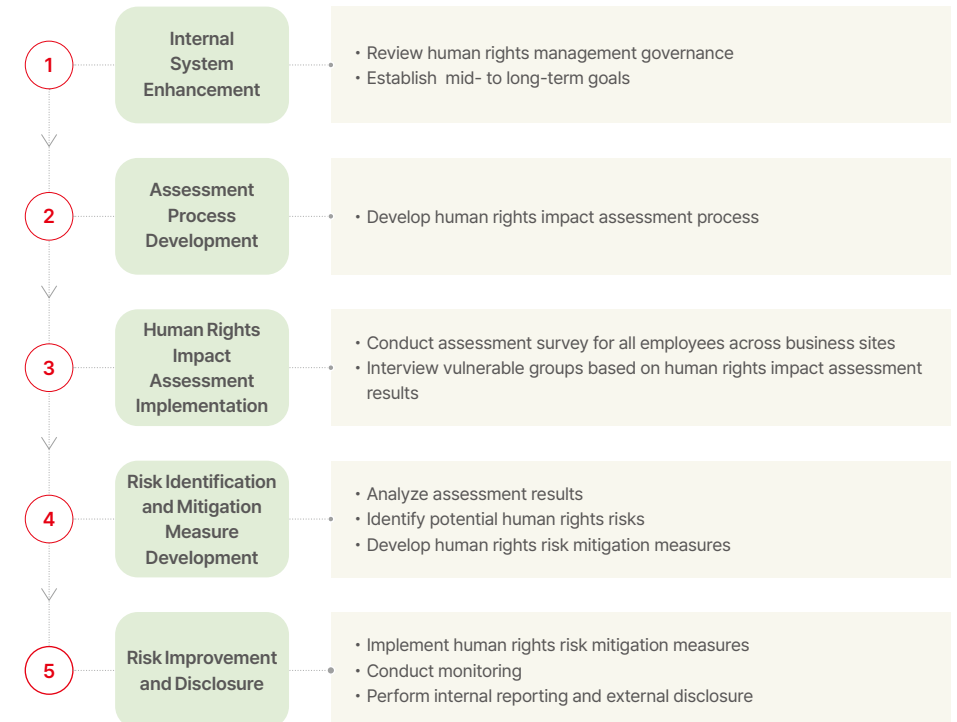
2) Ratio of female employees to total employees

Human Rights Management Risk Management

Human Rights Impact Management Framework

At LOTTE HIMART, we conduct human rights monitoring across all domestic workplaces, including headquarters, branches, and distribution centers, to identify actual and potential human rights risks and to prevent, mitigate, and resolve these risks. We continuously monitor human rights risks at business sites through the human rights violation reporting center and our grievance handling system, while identifying potential risks through human rights impact assessments. Furthermore, we immediately investigate and address identified human rights risks, formulate improvement measures, and strive to prevent the recurrence of similar risks by implementing human rights management practices that incorporate these improvements.

I Human Rights Impact Management Framework



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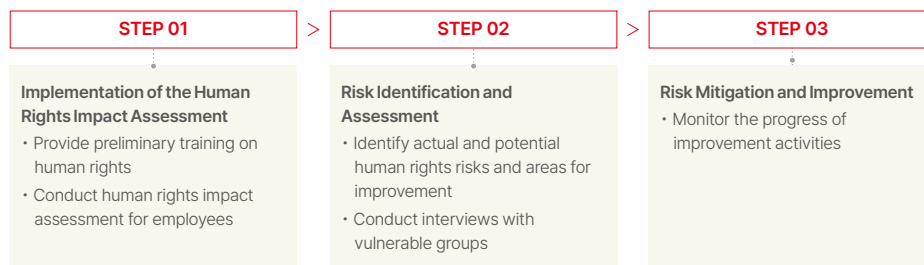
Human Rights Management

Risk Management Process

Human Rights Impact Assessment

We conduct human rights impact assessments to find actual and potential human rights violations affecting our employees and to proactively identify and address any issues. The assessment items are developed based on major global human rights guidelines and are tailored to reflect LOTTE HIMART's business characteristics and external expectations. We conducted in-depth interviews with vulnerable groups and on key issues identified through the assessment, allowing us to pinpoint major human rights concerns and incorporate them into our human rights management to carry out mitigation and remediation efforts. The assessment and in-depth interviews were conducted by external experts to ensure objectivity and utilized external online platforms to guarantee anonymity. We will continue to monitor and improve upon the identified risks to ensure effective mitigation.

Human Rights Impact Assessment Process



Human Rights Impact Assessment Overview

Category	Details
Objective	Identify the current status of human rights violations and assess potential human rights risks
Target	LOTTE HIMART members (regular/contract/dispatched/part-time employees, including headquarters, branches, distribution centers, and stores)
Period	March 7 - 21, 2025
Organizer	LOTTE HIMART Corporate Culture Team, third-party assurance agency
Method	Online survey (to identify direct and indirect experiences with human rights issues), face-to-face interviews with vulnerable groups
Survey Areas	Prohibition of discrimination, compliance with legal working hours, safety and health, information protection, workplace sexual harassment, workplace bullying

Definition of Human Rights Vulnerable Groups

Group	Potential Risk Areas	Risk Management
Female	<ul style="list-style-type: none"> Discrimination during the recruitment process Discrimination in wages, job transfer, and promotion Workplace bullying and sexual harassment Inability to balance work and family life 	<ul style="list-style-type: none"> Set recruitment goals for female talent Strengthen training on workplace bullying and sexual harassment Expand parental leave and family care support systems
Customer-facing workers	<ul style="list-style-type: none"> Job-related stress 	<ul style="list-style-type: none"> Provide professional psychological counseling program Promote flexible work system and annual leave system
Lower-level employees	<ul style="list-style-type: none"> Workplace bullying Rank-based discrimination 	<ul style="list-style-type: none"> Strengthen operation and promotion of human rights violation reporting center and grievance handling systems
Dispatched workers	<ul style="list-style-type: none"> Workplace bullying Job type-based discrimination 	<ul style="list-style-type: none"> Strengthen operation and promotion of human rights violation reporting center and grievance handling systems Conduct corporate culture campaigns

Survey-Identified Issues

Identified Issue	Details
Prohibition of discrimination	Discrimination in recruitment, performance evaluations, promotion and compensation, parental leave usage and return, and by job type
Compliance with legal working hours	Adherence to legal working hours, reduced working hours for pregnant employees
Safety and health	Management of occupational accidents, safety education, and mental health issues such as job-related stress
Information protection	Consent procedures for personal information collection and risk management of data breaches
Workplace sexual harassment	Physical, verbal, and visual harassment, and grievance procedures
Workplace bullying	Inappropriate language and behavior, unfair work orders, and grievance procedures

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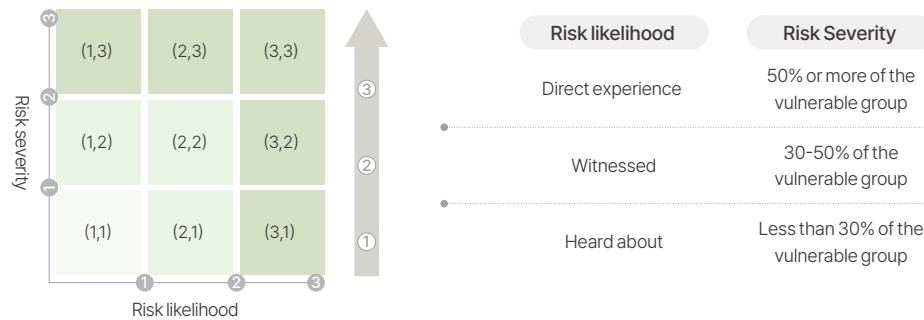
Human Rights Management

Risk Management Process

Human Rights Impact Assessment

Risk Level Analysis by Issue and Selection of Key Issues

At LOTTE HIMART, we assess the risk level of each human rights issue through a structured evaluation process, enabling us to identify and address the most critical human rights risks first. When analyzing risk levels, we consider the risk likelihood and risk severity calculated through employees' direct and indirect experiences. The risk likelihood is calculated as the percentage of negative responses related to each human rights issue out of all survey responses, and the overall likelihood is inferred by including indirect human rights violation experiences, such as witnessing or hearing about incidents. Risk severity is calculated through the negative response rates of the defined vulnerable group, which include women and store workers who are customer-facing workers.



Category	Prohibition of Discrimination				Compliance with Legal Working Hours	
Item	Recruitment and job transfer	Performance and compensation	Work type and job type	Maternity and parental leave	Overtime work	Reduced working hours for pregnant employees
Key Issues	✓	✓				

Category	Safety and Health			Information Protection		Workplace Sexual Harassment/ Bullying		
Item	Occupational accidents	Training and awareness enhancement	Job-related stress	Lawful collection of personal information	Monitoring	Physical, verbal, and other forms of abuse	Unfair work orders	Training and awareness enhancement
Key Issues			✓		✓			

Improvement Initiatives for Key Issues

For systematic and effective management of human rights risks, we identified three key issues based on a comprehensive review of its human rights impact assessment results. We plan to establish and implement improvement measures to strengthen human rights management centered on key issues and regularly inspect the human rights status.

Improvement Plan per Key Issue

Prohibition of Discrimination	Key Issue	• Fair evaluation, compensation, and personnel appointments
	Improvement Measures	• Enhanced individual feedback on evaluation results - Provide detailed feedback and strengthen activities to improve business direction • Improve job satisfaction through an internal 'Job Posting' system and 'In Career,' an internal relocation system among LOTTE Group companies
Safety and Health	Key Issue	• Mental health support to address work-related stress
	Improvement Measures	• Utilize Employee Assistance Program (EAP) to take care of employee's stress - Strengthen promotion of employee welfare and support program • Foster a culture that separation of work and personal life through internal initiatives such as the Value Creation Culture Campaign
Information Protection	Key Issue	• Information security and personal information protection
	Improvement Measures	• Reinforce information security education and processing procedures - Enhance education on both personal information protection and operational practices such as data disposal - Improve personal information processing procedures when customer information is used



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Human Rights Management

Human Rights Management Activities

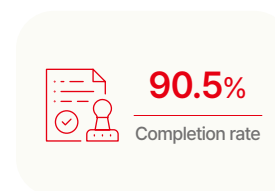
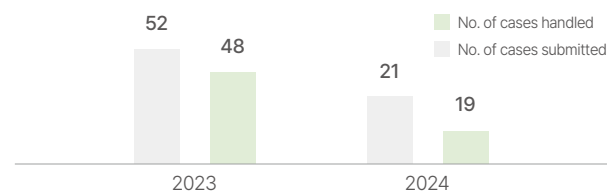
Human Rights Violation Reporting Center

The Human Rights Violation Reporting Center is separately established and operated on the official company website to ensure that not only internal employees but also partner company staff and customers—anyone engaged in business-related interactions—can immediately report any human rights violations they experience. Upon receiving a report, we ensure prompt action is taken. In 2024, the number of human rights violation reports received through the reporting center was zero. When a report is received, we verify the facts, take corrective action, and, if necessary, impose internal disciplinary measures. Investigations and handling of reported cases are conducted objectively, based on clear supporting evidence and documentation. We take special care to prevent any secondary harm to victims or good-faith whistleblowers, and we strictly protect the confidentiality of the report details. Furthermore, we establish preventive measures to avoid recurrence and continue to monitor the situation. In addition, matters not related to human rights that are received through the center are forwarded to the relevant departments for appropriate handling.

Grievance Handling and Human Rights Violation Reporting Process



The Number of Grievances Submitted and Handled



Grievance Handling System

To ensure the professional and fair operation of the grievance handling system, we have appointed a female expert member (one in-house attorney) and grievance consultants (two from the Corporate Culture Team, including one in-house labor attorney). When grievances are reported, we respond actively and work to prevent recurrence by establishing preventive measures to avoid human rights violations in the workplace. As part of our prevention efforts, the corporate culture dedicated organization strengthens proactive measures and establishes post-incident management processes to better manage grievance cases occurring in the field. Employees can report grievances through various channels such as e-mail, KakaoTalk anonymous reporting, the company website, intranet, etc. All submitted reports are handled fairly under strict confidentiality procedures, and follow-up actions are continuously reviewed and managed. In 2024, a total of 19 grievance cases were reported and handled through the grievance handling system. All cases were addressed in accordance with internal procedures and were resolved through appropriate measures such as warnings or disciplinary actions.

Employee Human Rights Education

We provide human rights education to all employees, including contract workers, to enhance awareness of human rights and prevent incidents of human rights violations. The education is conducted once a year in accordance with legal requirements, and consists of workplace bullying prevention, workplace sexual harassment prevention, and improving disability awareness educations. Additionally, we use our internal mobile learning platform (Touch Class) to provide education on the meaning of human rights management and our company's human rights management policy, thereby continuously reinforcing the importance of human rights to all employees.

Status of Regular Human Rights Education Programs

Category	Workplace Bullying Preventive Education	Workplace Sexual Harassment Preventive Education	Improving Disability Awareness Education
Objective	Prevent physical and mental harm to employees and deterioration of the work environment	Protect employees' sexual self-determination rights and prevent deterioration of the related work environment	Create stable working conditions for employees with disabilities
Operation	Once per year	Once per year	Once per year
Target	All employees	All employees	All employees
Others	Distribution of prevention guidelines	Distribution of prevention guidelines	Online education

* Additional human rights education is provided on a demand basis.

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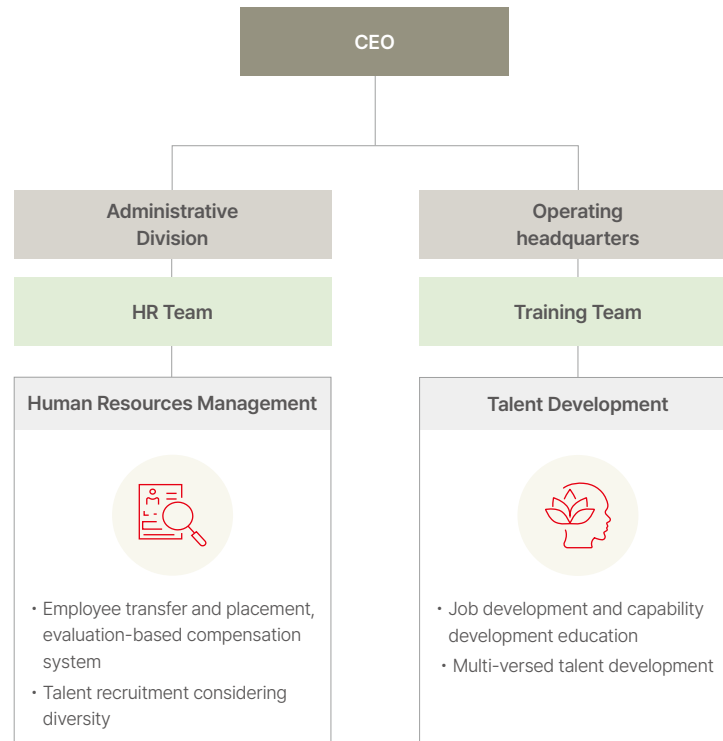
Talent Management

Human Resources Management System

Organizational Structure

LOTTE HIMART strives to hire individuals with the knowledge and qualities required to be responsible corporate citizens and to nurture talent capable of growing with the company. We offer capability building programs and a compensation system grounded in fair and reasonable performance evaluation, motivating our members and driving performance. Human resources management is led primarily by the HR Team and the Training Team. The HR Team recruits talent based on recruitment plans that prioritize fairness and diversity, and operates a fair and reasonable performance evaluation and reward system. The Training Team offers a wide range of job development and capability development programs to help employees grow into highly skilled professionals.

Human Resources Management Organizational Structure



Human Resources Management Systems

We systematically manage transfers, placement, education, promotions, and compensation across all stages of employment—from recruitment and development to evaluation, rewards, and retirement—to effectively manage talent that can grow together with the company.

Human Resources Management System



Transfer and Placement	Education and Training	Promotion and Advancement	Compensation
<ul style="list-style-type: none"> Talent placement considering both individual employee and organizational growth Transfer reflecting individual preferences through career development plans, such as Job Posting program 	<ul style="list-style-type: none"> Systematic training programs by job type and position level Strengthening professional competencies and developing leadership talent 	<ul style="list-style-type: none"> Fair system management based on performance and capabilities 	<ul style="list-style-type: none"> Performance-based individual salary system Compensation aligned with individual performance evaluations Tiered, cumulative reward system based on performance

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Talent Management

Talent Recruitment

Ideal Talent Profile

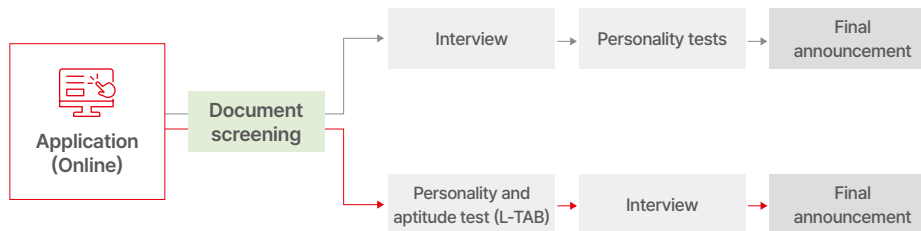
Customer-oriented	Ownership
Person who understands customers' needs and provides excellent hospitality and service to help create happy customers and new values	Person who performs all tasks with an autonomous mindset and take initiative, thinking of themselves as the owner of the company
Innovative	Professional
Forward-thinking person who proactively and effectively copes with the rapidly changing market environments, always leading change	Person who continuously pursues excellence with self-improvement and creative thinking

Talent Recruitment

We operate a transparent and fair recruitment process based on the principles of 'valuing diversity' and 'open recruitment' to secure excellent retail specialists. The recruitment process consists of document screening, personality and aptitude testing (L-TAB), and practical/executive interviews, comprehensively evaluating applicants' job competencies as well as their personality, values, and development potential. In addition, we operate a rolling application system that allows candidates to apply for relevant positions/departments at any time, even without new job openings, ensuring greater opportunities and convenience for applicants.

Talent Recruitment Process

→ Sales intern/contract employees/employees with disabilities/part-time employees → LOTTE Group open recruitment



Diversified Talent Acquisition Channels

We are transitioning to a job-centered recruitment system to enhance organizational efficiency and competitiveness, and is attracting top talent through a wide range of recruitment channels.

Recruiting New Employees

We actively utilize rolling recruitment for hiring new employees to secure right talent at the right time. In the first half of 2024, we participated in LOTTE Group's university recruitment fair, where we directly engaged with job-seeking students and actively introduced LOTTE HIMART's vision, culture, and recruitment process.

Recruiting Experienced Employees

Recruiting experienced employees allows us to operate more efficiently by selecting talent with the experience and qualifications aligned with our business strategy. These experienced employees not only bring experience and knowledge in their respective fields, but also leverage their industry networks and deep understanding of the market to offer new strategic direction and drive innovation within our organization.

Diversity and Equity

We ensure that applicants are not subject to discrimination based on gender or disability by selecting candidates based on job-related expertise and the competencies required for the role. To ensure fairness in recruitment, we do not collect information such as marital status or family relationships during the recruitment process. We also consider diversity and equity by increasing regional recruitment for store sales employees. For veterans and foreign nationals, we guarantee equity based on the policy for preferential treatment under relevant laws, and individuals with disabilities and veterans receive preferential treatment in accordance with applicable regulations during the recruitment process. As our commitment to enhance workforce diversity, we set goals of 3.5% or higher for employment of persons with disabilities and 30% or higher for recruitment of female talent by 2025. In 2024, we achieved a disability employment rate of 3.14%, surpassing the mandatory requirement of 3.1%

Employment Status of Employees with Disabilities and Female Talent

Employees with disabilities ¹⁾				Female talent ²⁾			
2022	2023	2024	2025 Goals	2022	2023	2024	2025 Goals
3.43%	3.43%	3.14%	3.5%	38.1%	36.6%	29.1%	30%

1) Based on standards reported to the Korea Employment Agency for Persons with Disabilities (double count for severely disabled, full-time worker, monthly average). Figures differ due to a data entry error in the previous year

2) Ratio of female employees to total employees

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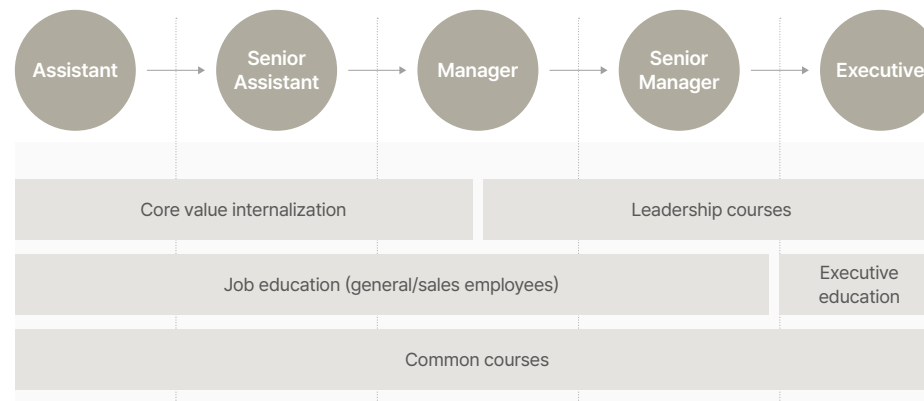
Talent Management

Talent Development

Talent Development System

LOTTE HIMART provides tailored education to employees based on a solid talent development system, strengthening the capabilities of our employees. The CS Innovation Office provides tailored education by level and role, focusing on improving job expertise, enhancing leadership capabilities, and cultivating core talent. For new sales employees, we conduct introductory education for newly hired SM interns to instill our core values and enhance their field expertise through job-based training, including category-specific content education, new product education, and POS training course. We provide leadership education programs for store managers and deputy store managers to help them smoothly adapt to their new roles. We also offer programs for executives, including ACP (for promoted executives), ECP (for new executives), and the Leadership Forum (regular training for executives), to reinforce management leadership.

Talent Development System



Implementation Strategy for Advancing the Talent Development System

- Enhancing Job Expertise**
 - Monthly content education, new product education to foster specialized consulting professionals
 - Meister Coaching Program enabling 1:1 employee coaching
- Strengthening Leadership Capabilities**
 - Job type -specific, self-directed learning promotion programs
 - Capability-building programs for newly appointed store managers and deputy store managers
 - Refresher education for store managers and deputy store managers
 - Performance management training for evaluators
- Cultivating Core Talents**
 - Capability-building program for executive candidate (high potential)
 - Management capability enhancement program for key talent (LOTTE MBA)

Internal Job Transfer Program

We operate the 'Job Posting' system, an internal recruitment program, to minimize work disruptions and secure suitable personnel for each job type. As part of employee career development, the system posts open positions when vacancies arise within the organization and accepts applications from internal employees for transfer to new positions. Placing employees who have the competency and interest in specific roles improves job satisfaction and enhances workforce efficiency. Additionally, through 'In Career', an internal talent relocation system between group companies, we support employees in proactively developing their careers by transferring to desired roles or affiliates, while also securing top talent within the group.

Job Posting Operation Process



In Career Operation Process



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Talent Management





Talent Development

Capability Development Program for Employees

Customer-Oriented Education

We are committed to developing competent LOTTE HIMART employees so that our customers can experience consistent, high-level service at all stores. By providing product education and sharing best practices in sales, we enable employees to recommend suitable products to customers through quality consultation. Additionally, to enhance customer satisfaction, we conduct monthly regular customer satisfaction and customer complaint education to strengthen comprehensive consultation capabilities.





Job Development

<p>Education with category-specific learning content</p>  <ul style="list-style-type: none"> Twice-monthly training sessions to deepen the knowledge of special products for sales employees 	<p>Education on new and seasonal products</p>  <ul style="list-style-type: none"> Pre-sales education on specifications, product lineups, and sales points of new products Strategic education on seasonal products based on home appliance market data
<p>Data processing system education</p>  <ul style="list-style-type: none"> Education for all sales employees on the use of data processing systems, such as POS, sales tools, and new systems of our company 	<p>Counseling skills</p>  <ul style="list-style-type: none"> Education on how to recommend products and services based on the customer lifecycle Education on comprehensive consultation skills to improve customer satisfaction

Fostering Distribution Experts

The training course for distribution experts is divided into job competency development and career development. The job competency development program consists of specialized professional education courses, including 'category-specific learning content' to strengthen product expertise and 'Meister coaching' to enhance customer consultation and sales capabilities. The career development program is conducted through position-specific and level-specific education and evaluation. In addition, we support individual competency development by implementing a commissioned academy program for employee self-development and degree acquisition.

Capability Development

<p>Education course for prospective position holders (Store managers and deputy store managers)</p>  <ul style="list-style-type: none"> Education on mindset, attitude, product expertise, and store management strategies for prospective position holders Conducting online collective education and store operation strategy discussion programs 	<p>Onboarding education for new and experienced hires</p>  <ul style="list-style-type: none"> Education on LOTTE HIMART's history, vision, and core values Understanding of LOTTE HIMART systems and key business strategies
<p>In-house instructors (Meister, POS in-house instructor)</p>  <ul style="list-style-type: none"> Coaching for employees developing their in-house instructor competencies Regular workshops to enhance in-house instructor capabilities 	<p>Executive promotion qualification education</p>  <ul style="list-style-type: none"> Education to build essential job knowledge for executives (accounting, strategy, organizational behavior, etc.)

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Talent Management

Talent Development

Capability Development Program for Employees

Professional Counselor Development

At LOTTE HIMART, a 'Professional counselor' is a consulting expert with specialized knowledge of products and services who can offer tailored recommendations according to customers' lifecycles. We run a dedicated training program to develop Professional counselors. The professional counselor training consists of three stages—introductory, regular, and improvement courses—based on job-related competencies. In 2024, professional counselor training was conducted quarterly, and a structured, step-by-step curriculum with evaluations supported participants in growing into top-tier consulting experts in the home appliance industry.

Professional Counselor Training Curriculum in 2024

Category	Target	Method	No. of Rounds
Introductory	Entire sales employees	• Non-face-to-face education	1 time (12 th)
Regular	Entire sales employees	• Non-face-to-face education + Learning assessment	4 times (48 th)
Improvement	Employees needing improvement based on training test results	• Non-face-to-face education + Learning assessment • 1:1 face-to-face education	4 times (8 th)

Touch Class, Self-Directed Learning Platform

We operate a mobile-based learning platform called "Touch Class" to support employees in self-directed learning and capability development. Through the platform, employees can conveniently access and learn a wide range of learning content anytime, anywhere—including job-related courses, mandatory legal training, new and trending product information, and consumer electronics trends. In addition, we promote self-directed learning by utilizing the "My Company" board on LOTTE Group's learning platform, Acropolis.



Meister and Coaching Programs

A "Meister" represents LOTTE HIMART's ideal of a top-tier, "customer-centric expert"—an elite employee equipped with both quantitative achievements and qualitative strengths such as soft skills. Meisters are selected across three categories: Large Appliance Meisters who collaborate with the furniture and interior sectors to generate demand related to weddings and relocations; IT/Hobby Meisters with unlimited growth potential as there is a maniac customer base; and Mobile Meisters, who specialize in key strategic items backed by a broad market base. A total of 32 Meisters were selected—one to two per branches or business division. We held a Meister workshop to identify their unique sales strategies, know-how, and key competencies, which were then used to develop standardized training materials. This led to a structured Meister Coaching Program for high-potential employees and those seeking to further develop their capabilities.

Commissioned Academy Program

We operate a commissioned academy program to support employee self-development and foster key talent within the organization. Starting with the associate degree course with Myongji College and Yeungjin University in 2016, we introduced a bachelor's degree course in 2017 through partnerships with Kyung Hee University, Chungnam National University, and Dong-A University. Employees are offered these educational opportunities at discounted tuition rates. In 2024, a total of 12 employees earned degrees through this program.

Prospective Retiree Assistance Program

To help employees approaching retirement proactively plan their future and alleviate uncertainty, we offer career planning education, start-up and employment counseling, and job placement programs through a consignment contract with a specialized training agency for job change. The program includes support for job searching, discovery of alternative career paths, and job placement services. In 2024, the reemployment support program was provided to a total of 12 employees preparing for involuntary retirement who opted to participate.

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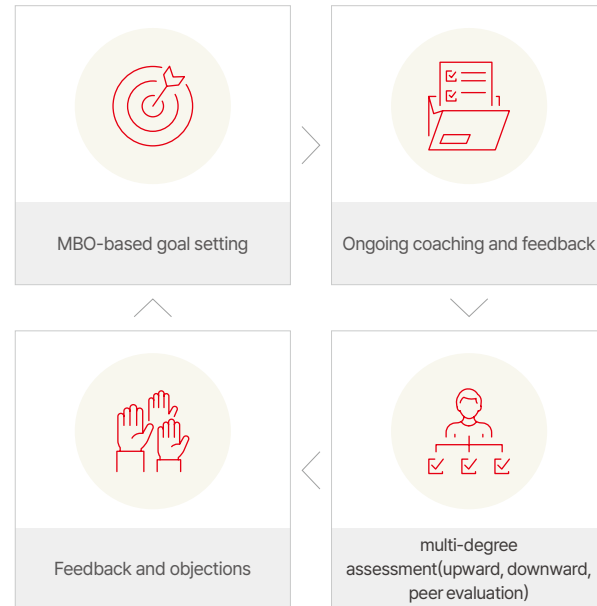
Talent Management

Performance Evaluation and Compensation

Performance Evaluation and Compensation System

LOTTE HIMART ensures that work performance is evaluated reasonably and compensations are granted appropriately through a fair performance evaluation and compensation system. This system builds trust in performance evaluations across the organization and empowers employees to fully demonstrate their capabilities. Performance evaluations are conducted semiannually for all employees, including contract workers, based on the MBO system and other criteria. The evaluation consists of two components: achievement assessments for teams and individuals, and qualitative capability evaluations covering job competency and values. To ensure fairness in evaluations and support performance improvement, we also implement systems such as interim reviews, objection, and 360-degree multi-assessment. Additionally, we operate a performance-based compensation system that fosters motivation and engagement among employees. Performance bonuses are allocated based on evaluation results, and position-specific allowances are determined according to the roles and responsibilities of each position.

Performance Evaluation System



Ongoing Coaching and Feedback

LOTTE HIMART facilitates ongoing coaching and feedback between superior and their team members through structured coaching and interim review systems. Through coaching and feedback, we strengthen collaboration and teamwork within the organization while supporting individual growth, thereby enhancing overall competitiveness.

360-Degree Multi-Assessment

The 360-degree multi-assessment allows us to conduct holistic evaluations of individual and team performance and helps demonstrate the company's commitment to supporting our members' improvement and development. Peer evaluations promote cross-team collaboration and communication, contributing to improved organizational performance. In labor competency assessment, upward and downward evaluations enable feedback between supervisors and subordinates, fostering competency growth.

Objection System

LOTTE HIMART operates an objection system to ensure fairness in performance evaluations and to protect employee rights. Details regarding the objection procedure and submission period are announced after the release of semiannual performance evaluation results. Employees who believe their evaluation does not fairly reflect their achievements or capabilities may file an appeal directly with the HR department without requiring prior approval from their supervisor. An initial interview is conducted to determine whether the appeal is accepted. If the appeal is not accepted, the case is reviewed further by the assessment deliberation committee, which makes a final determination and notifies the employee of the outcome.

Operation of Reward Program

We also operate a well-structured reward program to increase employee motivation and organizational commitment. The criteria and recipients of rewards are designed to reinforce the company's core strategies and promote organizational vitality, with goals and recognition standards aligned with business performance and operational direction.

LOTTE HIMART Reward Program

Category	Execution of Strategies	Performance Excellence	Contributor Award
Compensation Criteria	Rewards for achievements aligned with company strategy	Rewards for individuals who achieve assigned targets	Rewards for individuals or groups contributing to company competitiveness
Target	Outstanding sales stores	Installation technicians, Sales staff, MD	Regular awards, LOTTE HIMART Person, Best Colleague, Outstanding Field Communication, etc.

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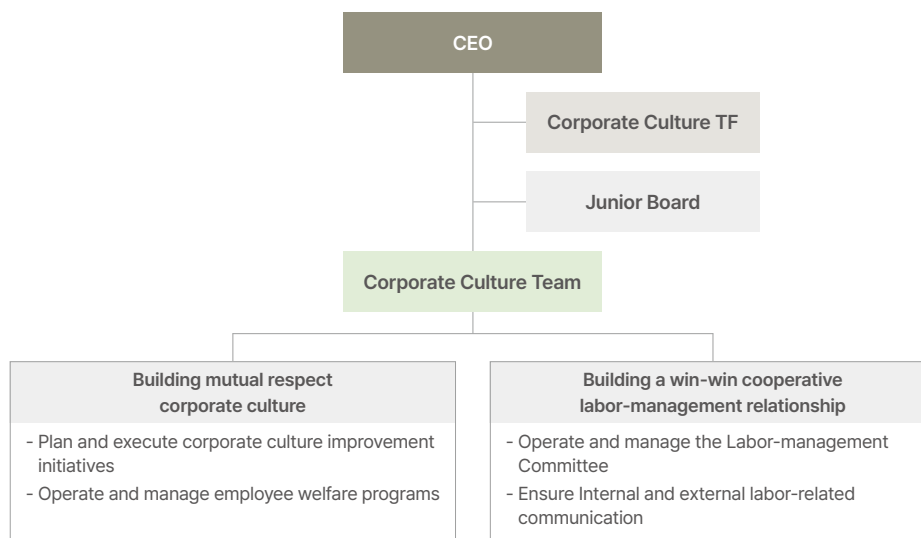
Corporate Culture

Corporate Culture System

Organizational Structure

The Corporate Culture Team oversees corporate culture to build a win-win cooperative labor-management relationship, to foster a culture of mutual respect centered on employees, and to ensure that voices from the field are effectively communicated to management. To further enhance internal communication, we have established the Corporate Culture Task Force (TF) and a Junior Board under the direct leadership of the CEO. The Corporate Culture TF, a specialized organization dedicated to corporate culture, is selected considering diversity in job function, level, position, gender, and other factors. Based on corporate culture diagnosis results, it establishes and implements specific initiatives, and develops detailed tasks through collaboration with relevant departments. The Junior Board, organized to enhance understanding between generations and organizations and provide fresh ideas from new perspectives, consists of up to 6 members at the staff and assistant manager levels. As a direct communication body under the CEO's "Hotline," the Junior Board selects discussion topics each month to propose new ideas and perspectives, conducts site visits to gather frontline feedback, and delivers this input directly to the CEO. Monthly meetings are held with the CEO, and the outcomes are shared with all employees through a Leader's Message.

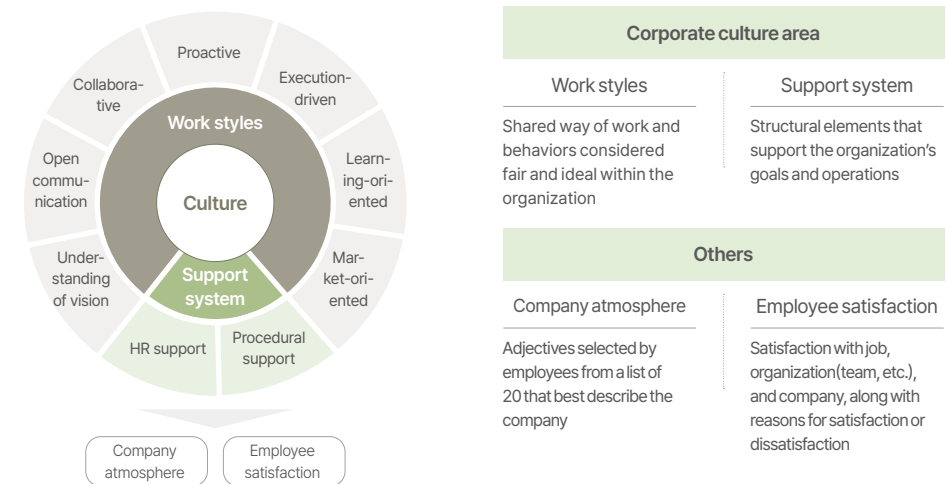
Corporate Culture Management Organizational Structure



Corporate Culture Diagnosis

Every year, LOTTE HIMART participates in a corporate culture diagnosis led by LOTTE Group to evaluate the current state of its culture, identify areas for improvement, and establish action plans. Corporate culture is defined by shared "values and behaviors" between the company and its employees, as well as the "policies and systems" that support them. Based on these two aspects, the diagnosis examines the organization's ideal model by evaluating work styles (values/behaviors) and support systems (policies/systems), while also measuring employee satisfaction. In 2024, the corporate culture diagnosis results showed a 56.1% positive response rate, marking a 3.0 percentage point increase from the previous year and reflecting a continuing trend of improvement.

Corporate Culture Diagnosis Framework



Corporate Culture Diagnosis Results



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Talent Management

Corporate Culture

Corporate Culture Improvement Initiatives

Family-friendly Workplace

We operate various programs to support work-life balance and foster a family-friendly corporate culture that encourages employees to use these programs voluntarily. Based on these efforts, LOTTE HIMART became the first in the industry to be certified as a family-friendly company by the Ministry of Gender Equality and Family in 2015 and has maintained this certification for ten consecutive years.

Work Hour and Flexibility Programs

Category	Details
Flexible work system	<ul style="list-style-type: none"> • Allowing employees to choose their preferred working hours from 6 options • Compensatory leave for overtime work
PC ON/OFF	<ul style="list-style-type: none"> • Switching computers on and off based on working hours in sync with the flexible work system • Switch on: 10 minutes before the working hours / Switch off: 5 minutes after the working hours • Computers not available during holidays, annual leave, and vacations
Annual leave system	<ul style="list-style-type: none"> • Refresh Leave: Reimbursement of accommodation costs for up to 2 nights for employees taking 3 or more days of annual leave • 2 annual leaves used as vacation
HI-FIVE	<ul style="list-style-type: none"> • Allowing employees to leave early at 5PM on their or their spouses' birthdays and wedding anniversaries

Programs for Pregnancy, Childbirth, and Childcare

Category	Details
Pregnancy	<ul style="list-style-type: none"> • Reduced working hours during pregnancy • Financial support for infertility treatments • Leave for infertility treatments
Childbirth	<ul style="list-style-type: none"> • Gifts for childbirth • Mandatory parental leave (up to 2 years) • Mandatory use of parental leave for male employees (minimum one month leave is mandated)
Childcare	<ul style="list-style-type: none"> • Leave support for childcare when a child enters elementary school • Tuition support for pre-school and college-age children • Vehicle rental support for multi-child families

Culture of Mutual Respect

Category	Details
Fearless Leader	<ul style="list-style-type: none"> • A program to recognize and encourage innovative leaders • All employees can nominate their leaders (from managers to executives) via a mobile survey, and final awardees are selected by a screening group
Heart Signal	<ul style="list-style-type: none"> • A program that allows employees to send virtual "hearts" to colleagues via the intranet as a way of showing appreciation • Employees and departments who receive the most hearts are recognized and awarded
Heart Talk	<ul style="list-style-type: none"> • A face-to-face or non-face-to-face meetings hosted by the CEO • It serves to share the company's strategic direction and vision, building alignment and driving momentum across the organization
Value Creation Culture Improvement Campaign	<ul style="list-style-type: none"> • A campaign to raise awareness around basic workplace norms • It promotes action items such as improving how colleagues are addressed, encouraging annual leave use, and incorporating proper phone etiquette

Operation of Labor-Management Committee

LOTTE HIMART operates a Labor-management Committee to promote stable labor relations and improve working environment. The committee, which consists of six labor representatives and six management representatives, meets quarterly to discuss a wide range of topics, including working conditions and employee welfare benefits. In particular, with the aim of becoming a field-oriented labor-management committee, the committee focuses on addressing on-site challenges faced in the workplace. Through the committee, we proactively identify risks related to labor practices, improve the working environment, and enhance operational efficiency. In 2024, four regular meetings were held, during which various topics related to working conditions were discussed.

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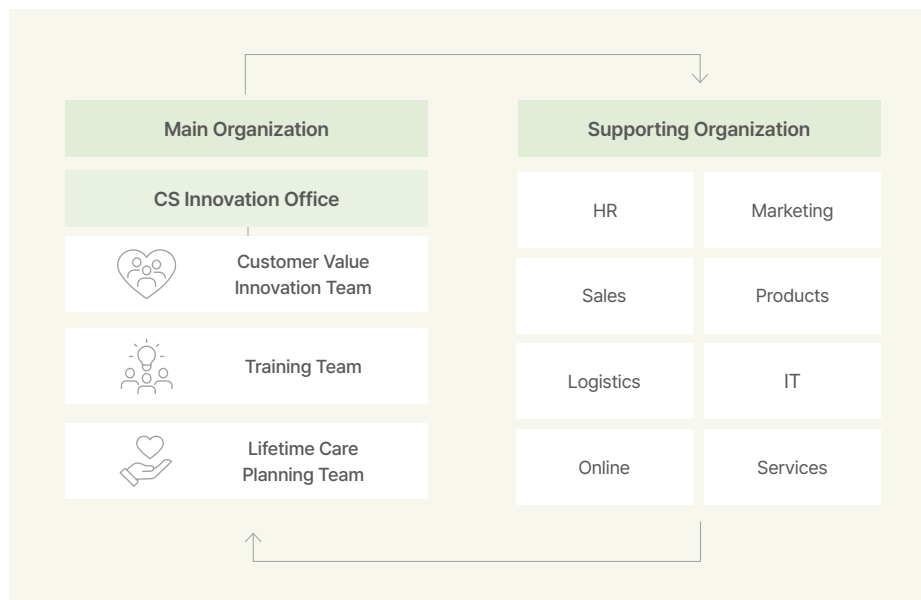
Customer-Centric Management

Customer Satisfaction Management System

Organizational Structure

LOTTE HIMART operates a dedicated organization for customer satisfaction management to deliver the best possible shopping experience to its customers. The dedicated organization, which consists of the Customer Value Innovation Team, Training Team, and Lifetime Care Planning Team, works in close collaboration with supporting organizations such as HR and Marketing to achieve customer satisfaction goals and respond effectively to the voice of the customer (VOC). The Customer Value Innovation Team establishes company-wide strategies to improve customer satisfaction, manages customer satisfaction levels, and addresses customer pain points by analyzing VOC data from both internal and external sources. The Training Team works to enhance the quality of customer consultation by developing expert advisors who provide the best products and services. The Lifetime Care Planning Team is building and improving a consulting system for customer lifetime care services.

Customer Satisfaction Management Organizational Structure



Strategy and Goals

We set customer satisfaction as a top priority in everything we do and develop and implement business strategies that protect customer rights and enhance satisfaction.

In 2024, we defined key stages of the customer lifecycle and developed a system to analyze purchasing patterns and provide personalized consultation services. This system enables us to offer the right home appliances and care services at each stage of the lifecycle—from purchase to installation, repair, disposal, and replacement—tailored to each customer’s needs. We are also developing customer-friendly professional consultation tools and fostering training consulting expert advisors equipped with in-depth product and service knowledge to improve service quality. From a mid- to long-term perspective, we will continue to enhance our personalized consultation system and develop products and services that reflect customer experiences, further advancing its customer satisfaction management.

Establish and Implement Business Strategies for Customer Lifetime Care Services

Short-term (~2024)		
Customer Lifecycle Management <ul style="list-style-type: none"> Defining the lifecycle of LOTTE HIMART customers Developing a step-by-step roadmap for a customer lifecycle system to deliver personalized services 	Implementation of Sales Responsibility System <ul style="list-style-type: none"> Matching customers with professional counselor Providing personalized 1:1 customer lifetime care services 	Development of Professional Consultation Tools <ul style="list-style-type: none"> Building a customer consultation system with enhanced user convenience Introducing AI-based product and service recommendation tools
Mid- and long-term (after 2025)		
Development of Personalized Consultation System <ul style="list-style-type: none"> Personalized product recommendations and tailored pricing/benefit offers Improved customer communication and consultation convenience through chat-based consultations 	Expanding Customer Choice <ul style="list-style-type: none"> One-stop expert consultations across appliances, furniture, and interior solutions Introducing personalized consultation tools tailored to living spaces Expanding sourcing of international brands 	Actively Reflecting Customer Experiences <ul style="list-style-type: none"> Analyzing VOC and product reviews Developing PLUX products based on customer responses (preferences/pain points)

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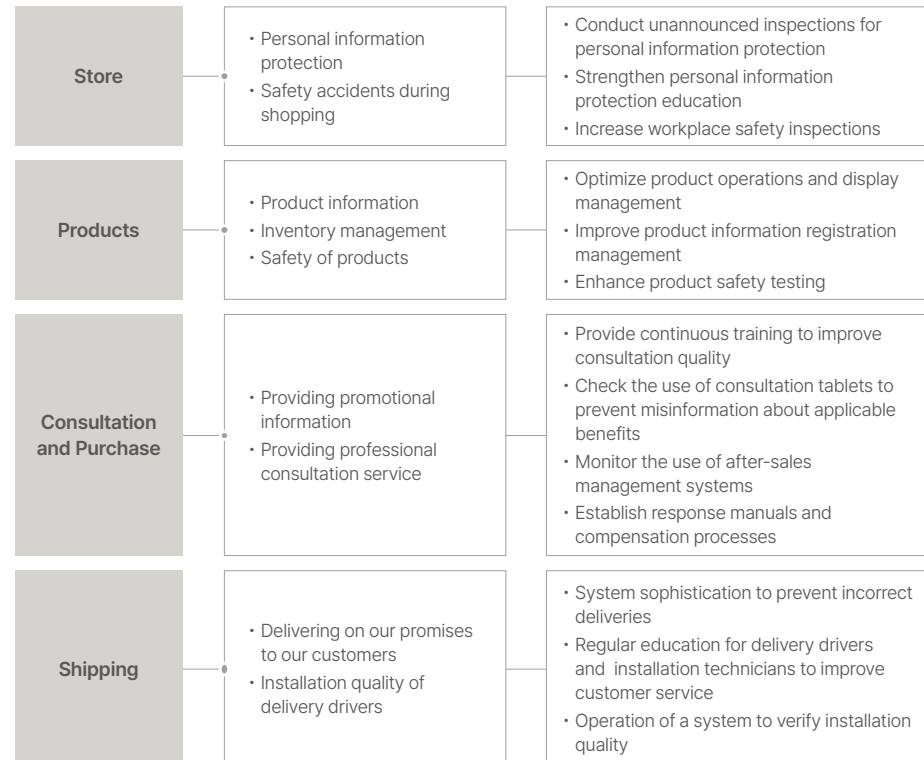
Customer-Centric Management

Customer Satisfaction Management System

Risk Management

LOTTE HIMART proactively identifies and addresses potential risks across the entire shopping journey. We conduct customer satisfaction surveys covering every step—from purchase and installation to during product use stage—for our customers, collecting their feedback and identifying potential risk factors. We also perform unannounced in-store inspections to identify customer service gaps and regularly report risk factors and improvement plans to the management to promptly address issues.

Customer Satisfaction Management Risk Response Strategies

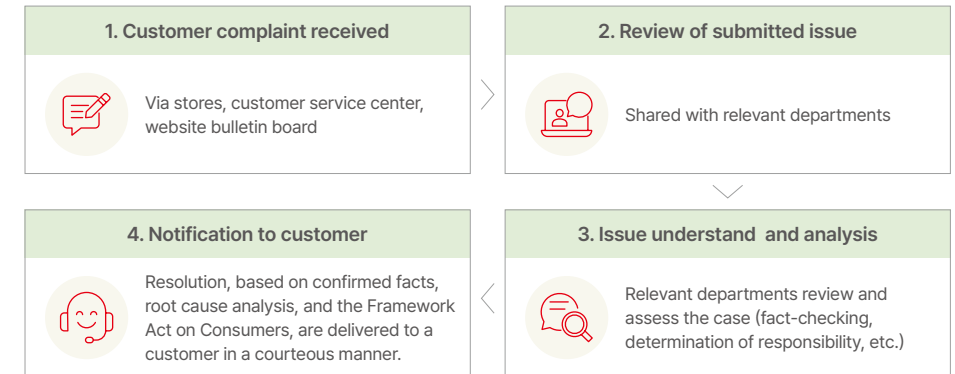


Customer Satisfaction Management Activities

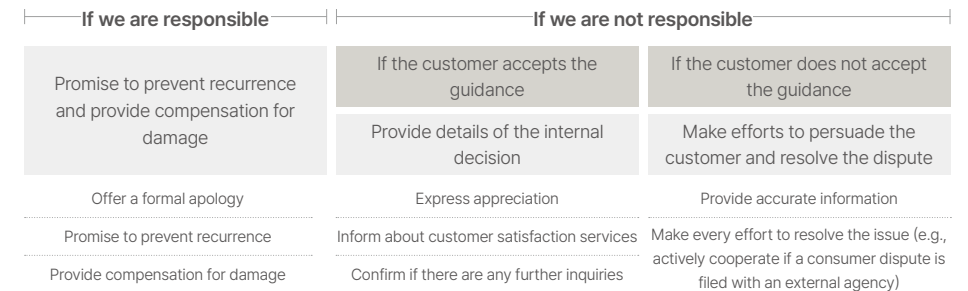
Damage Compensation Process for Customers

Our customer complaint handling manuals are transparently disclosed on the company website and we handle all complaints in accordance with the Framework Act on Consumers and our internal fair procedures. When a complaint is received—whether it concerns product defects, installation issues, delivery delays, or in-store incidents—it is shared with the relevant departments based on the nature of the case. The relevant department reviews the case and provides a resolution to the customer in accordance with the Framework Act on Consumers, while also working to prevent recurrence. Customer complaints can be submitted not only through our offline stores, but also via the customer service center and our official website.

Customer Complaint Handling Manual



Customer Guidance in the Event of Damage



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Customer-Centric Management

Customer Satisfaction Management Activities

Customer Satisfaction Survey

LOTTE HIMART conducts customer satisfaction surveys to improve services based on customer feedback. To identify customer opinions and improvement needs, we break down the customer lifecycle into seven stages—from purchase and usage to disposal of home appliances—and conduct surveys accordingly.

2024 Customer Satisfaction Overview (Cumulative as of 2024)

Type	Survey Items	Customer Satisfaction Score
Home appliance purchase	<ul style="list-style-type: none"> Service attitude Product explanation Benefit explanation Additional guidance, etc. 	4.80
Shipping and installation	<ul style="list-style-type: none"> Installation quality Adherence to commitments Result confirmation After-sales warranty, etc. 	4.73
Appliance cleaning		4.66
Home cleaning	<ul style="list-style-type: none"> Service attitude Service guidance Process explanation 	4.58
Reinstallation service	<ul style="list-style-type: none"> Adherence to commitments Result confirmation After-sales warranty, etc. 	4.75
Insurance		4.79
Repair		4.53

* Based on a 5-point scale

Example of Reflecting Customer Feedback through Satisfaction Surveys

We actively incorporate customer feedback to enhance convenience and satisfaction. Many complaints were received due to insufficient advance notice during the repair process—such as failure to provide repair details, costs, and estimated duration because of communication failures or customers not answering their phones. To resolve this issue, we implemented a new system that sends repair notifications via mobile messaging, allowing customers to review the repair details and give their consent in advance. We also developed and distributed customer consultation leaflets to reduce inquiries and complaints caused by lack of understanding about insurance products. These materials help customers better understand insurance offerings and make informed purchase decisions. In response to high volumes of complaints related to noise, we applied a cover to the rear of refrigerator compressors to reduce operational noise. This not only reduced noise transmitted to the outside but also addressed safety risks such as fire or electric shock caused by foreign matter or condensation.



Repair notification via mobile messaging Insurance consultation leaflet

A cover applied to a PB refrigerator compressor compartment

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Customer-Centric Management

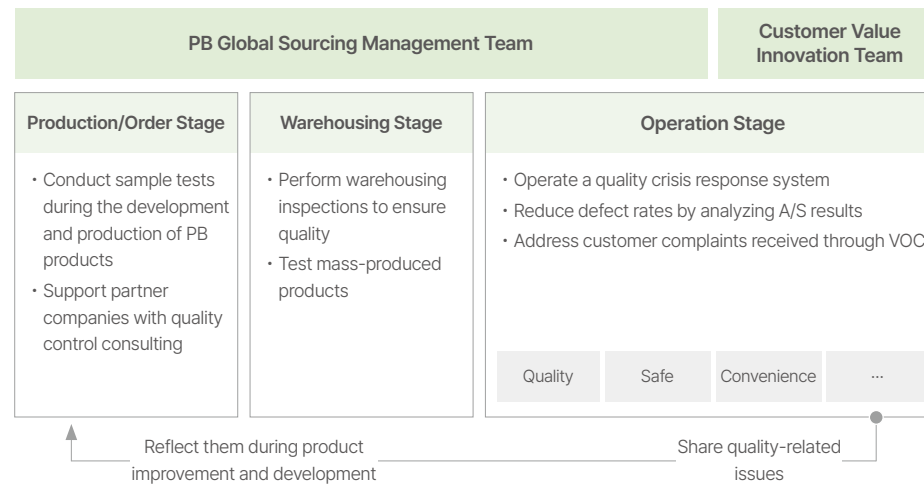
Customer Satisfaction Management Activities

Product Quality and Safety Management

Product Quality Management System

LOTTE HIMART has established and operates a quality inspection process that spans the entire product lifecycle—from development and production to operations and after-sales service—to ensure product quality and safety. During the development and production stages, sample tests are conducted in our quality test lab to select products that meet our standards. Products that pass the sample test undergo repeated performance tests, and to ensure quality reliability, we obtain certifications such as the Korea Certification (KC) mark and Energy Efficiency Standard from domestic certification bodies. Prior to product launch, various tests are conducted to complete quality verification. Post-launch, we monitor monthly defect rates and promptly address any issues identified through close communication with manufacturers. Our additional efforts include providing regular feedback based on A/S results and conducting annual inspections to verify the consistency of KC-certified components and compliance with energy efficiency standards.

Product Quality Management Process



Quality Risk Management

We manage quality-related risks by establishing and operating processes for both preventive and follow-up management. Before products are sold, those that have completed the quality assurance process are re-inspected to ensure that cautionary details and other information match the certifications issued by KC or other official bodies. From planning and development to final product release, we manage and oversee all stages based on data accumulated through product verification activities. To further enhance product quality, we suggest structural improvements or component replacements to our partner companies during the product verification process to improve durability and stability. Even after products are sold, we respond immediately to any issues, analyze the root cause, and implement corrective measures. Upon receiving a report of an incident, we immediately retrieve the product and investigate the cause by verifying the incident. We notify relevant departments and the manufacturer without delay, establish preventive measures, and closely monitor the improvements to prevent recurrence. All PB products are covered by product liability insurance to address unforeseen incidents. For defects occurring within the warranty period, we provide exchanges, refunds, or free repairs in accordance with the Criteria for Settlement of Consumer Disputes. To mitigate quality risks in PB products, we use repair service data to identify high-defect items, conduct additional inspections in our quality test lab, and identify root causes to prevent recurrence.

Product Quality Safety Testing

We operate a quality test lab at LOTTE HIMART's Chang-dong Office to conduct sophisticated inspections on PB products, evaluating their performance, stability, and user convenience. Two in-house PB quality management professionals oversee inspections throughout the development, production, and operation stages of PB products, conducting over 26 types of tests—including electricity consumption, temperature rise, current leakage, withstanding voltage, and performance measurement. Going forward, we plan to enhance precision by introducing equipment capable of 3D measurement and hazardous substance analysis, allowing us to obtain more accurate data and conduct even more detailed quality assessments. For directly imported products from overseas factories, we ensure that only inspected items are brought into distribution by conducting on-site quality inspections at production facilities in cooperation with global testing and certification agencies. For large-sized products such as refrigerators and televisions, which are difficult to test in-house, we conduct on-site inspections at each warehouse and review the manufacturer's quality management rules to ensure thorough verification.

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The details on LOTTE HIMART are available on its website. For more information, please contact us using the details below.

Address: LOTTE HIMART Building, 156, Samseong-ro, Gangnam-gu, Seoul, Republic of Korea

Department: LOTTE HIMART External Relations Team

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Sustainable Supply Chain

Partner Companies Management System

Selection and Management of Partner Companies

LOTTE HIMART engages with a wide range of partner companies across its supply chain and has established a structured partner companies management system to identify and manage potential risks and opportunities. Through this system, we are committed to delivering a sustainable, long-term growth with our partner companies. During the selection stage, the On-Off MD Group and the General Administration Team evaluate potential partner companies based on objective and reasonable criteria. Once selected, we implement systematic partner companies oversight through regular monitoring and post-assessment, offering incentives to high-performing partner companies and restricting bidding opportunities for underperformers. The Compliance Team reviews contracts to ensure they align with Fair Trade Code of Conduct and provides training on the Compliance Program (CP), fostering a strong culture of compliance and ethical conduct among all employees. The External Relations Team supports the continued growth of our partner companies by offering various programs in ESG management, financing, and education.

Partner Companies Management System



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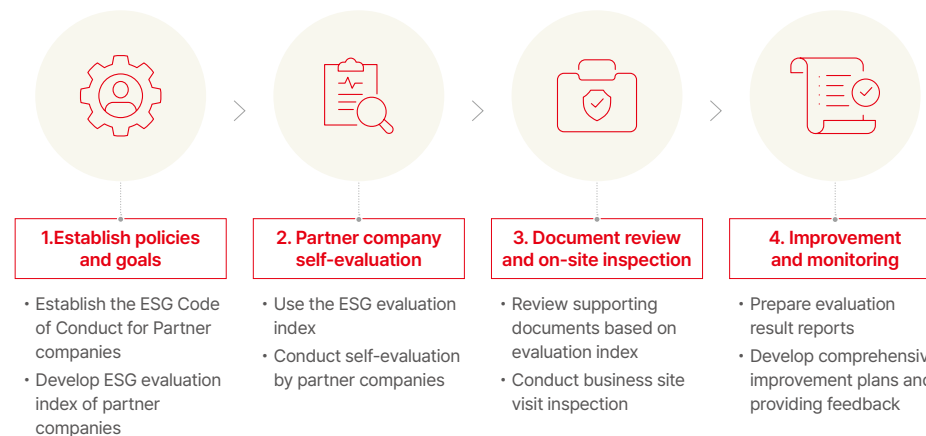
Sustainable Supply Chain

Partner Companies ESG Management

Partner Company ESG Management System

As supply chain ESG risk management becomes increasingly important, ensuring that partner companies maintain sustainable ESG practices has become essential for sustainable partner companies operations management. Given LOTTE HIMART's close relationships with a wide range of partner companies, the ESG capabilities of our partner companies have a significant impact on both business operations and external reputation. Accordingly, we have established an ESG management system for partner companies that presents ESG behavioral standards to partner companies and requires them to comply with them, conducts evaluations accordingly, and responds to LOTTE HIMART's ESG diagnosis and improvement measures.

ESG Risk Management System



ESG Code of Conduct for Partner Companies

To strengthen partner companies' ESG capabilities and prevent ESG risks within the supply chain, we established and publicly announced its ESG Code of Conduct for partner companies in 2023 following approval by the ESG Committee. The code incorporates LOTTE Group's Code of Conduct along with global standards such as the UN Universal Declaration of Human Rights and ILO Fundamental Conventions. Partner companies are required to sign a compliance agreement as part of the contract process. The ESG Code of Conduct for partner companies is available on the partner company portal Hi-web and our official website.

Code of Conduct for partner companies

Composition of Code of Conduct for Partners

Category	Details
Environmental Protection	Compliance with environmental regulations, response to climate crisis, resource circulation, air pollution, water resources, hazardous chemicals
Respect for Human Rights	Labor laws, prohibition of discrimination, wages/welfare, working hours, humanitarian treatment, freedom of association, protection of underage workers, prohibition of forced labor
Safety Management	Safety management regulations, safety diagnosis status, establishment of safety management system, safety education
Compliance and Ethics Management	Prohibition of illegal profits, transparency of management, prevention of unfair trade, subcontracting management, protection of personal information, protection of intellectual property rights, reporting system
Management System	Sustainable management system, risk management process



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Sustainable Supply Chain

Partner Companies ESG Management

Partner Company ESG Management System

Partner Companies ESG Evaluation

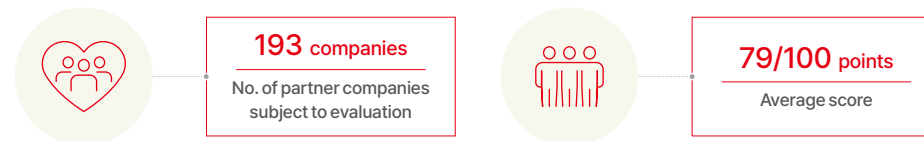
LOTTE HIMART manages supply chain ESG risks and enhances partner company ESG capabilities through self-assessment evaluations. We incorporate LOTTE HIMART-specific elements—such as the proportion of Grade 1 energy-efficient products, product installation safety environment inspection processes, and logistics vehicle operations—into our Code of Conduct for Partner companies and evaluation index, along with sector-specific regulations. Through ESG self-assessments, partner companies are able to review their current ESG practices, identify areas for improvement, and apply findings to their day-to-day business operations.

Composition of Partner Companies Evaluation Index

Environmental Protection	Respect for Human Rights	Safety Management	Compliance and Ethics Management
<ul style="list-style-type: none"> Energy-efficient product composition Use of eco-friendly package Product waste management 	<ul style="list-style-type: none"> Labor and human rights violations Compliance with worker wage laws 	<ul style="list-style-type: none"> Safety management manual and training Installation safety inspection Safety inspection on logistics vehicle 	<ul style="list-style-type: none"> Ethics-related violations Compliance with intellectual property rights and trade secrets

Partner Companies ESG Self-Assessment Results

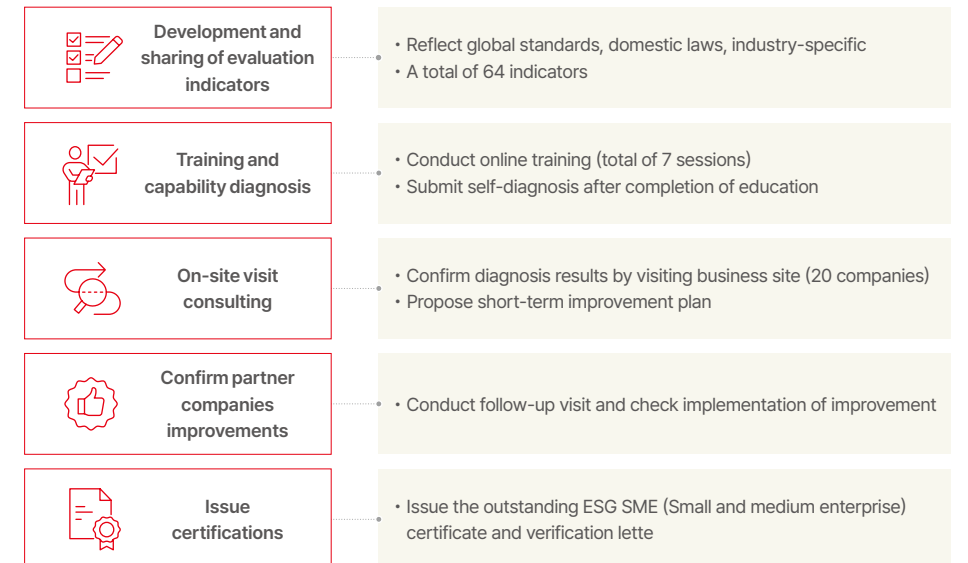
As of January 2024



Partner Companies ESG Support Projects

We support small and medium-sized partner companies in preventing and managing ESG risks through our ESG support projects. In 2021, we became the first in the retail industry to sign an MOU with the Korea Commission for Corporate Partnership to support ESG management for small and medium-sized partner companies, and we have continued this initiative annually since. Our support projects help partner companies meet growing global ESG management requirements by offering customized ESG indicators and developing guidelines, ESG education and capability assessments, as well as on-site inspections and consulting—enhancing their understanding and ability to manage ESG effectively. In addition, we issue a certification to outstanding small and medium-sized partner companies selected through the project and provide preferential treatment in financial transactions. We will continue to strengthen our partner companies' ESG management capabilities by expanding participation in ESG support projects, distributing and updating ESG guidelines for partner companies, and working together toward mutual growth as true business partners.

Process of ESG Support Project for Partner Companies



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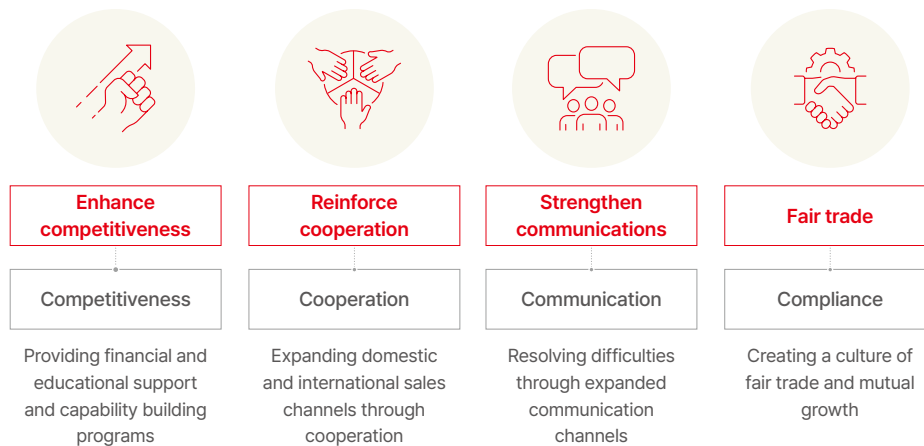
Sustainable Supply Chain

Mutual Growth with Partner Companies

4C Mutual Growth Implementing System

To enhance competitiveness of partner companies, strengthen cooperation and communication with partner companies, and promote fair trade, we implement the 4C strategies through our External Relations Team, a dedicated team focused on driving mutual growth. We strive to ensure that our partner companies' excellent products and technologies translate into customer acquisition, and we operate various mutual growth programs to help partner companies increase sales through LOTTE HIMART's nationwide distribution network. Going forward, we will continue to work closely with our partner companies to support their capability building and growth.

4C Mutual Growth Implementing System



Partner Company Support Initiatives

Market Access Support for Small and Medium-Sized Partner Companies

We conduct sales channel support activities to help small and medium-sized partner companies expand their market reach and strengthen their competitiveness. Once a month, we gather products from companies wishing to participate in promotional events and operate a 'Mutual Growth Special

Event' on LOTTE HIMART's online shopping mall. Additionally, through the LOTTE Brand Expo, we accept applications from partner companies hoping to expand into overseas markets around the world and provide support including purchasing consultations and other related services.

Mutual Growth Academy Education

Since 2016, we have been operating the Mutual Growth Academy to provide various education programs and enhance the capabilities of our partner companies' employees. We fully support education expenses through a program that consists of 200 online courses including management and language studies, offline education courses affiliated with external agencies, and special lectures by professional instructors.

Welfare Support for Small and Medium Partner Companies

We also continuously support the welfare of SMEs and their employees. Every year, we provide home appliance cleaning services to employees of small and medium-sized partner companies and send snacks to partner companies' business sites. In addition, we invite them to the 'LOTTE Happiness Sharing Concert' held at the LOTTE Concert Hall to facilitate communication with our CEO and executives and enable participation in cultural events.

Financial Support Programs

LOTTE HIMART provides a range of financial solutions to support the stable business operations of its partner companies. In partnership with the Industrial Bank of Korea, we established a KRW 50 billion Shared Growth Fund that allows partner companies to access preferential interest rates. In particular, when small and medium-sized partner companies lend, we provide preferential interest rates of 1.86 percentage points or higher. In addition, to facilitate the easy lending of small and medium-sized partner companies, we provide a network loan scheme that allows them to secure loans from banks based on their delivery payments. We also pay the full amount of product payments in cash to help the partner companies manage their cash flow and reduce financial burdens. For small and medium-sized partner companies under fair trade agreements, we make cash payments within 10 days. To help partner companies focus on product sourcing and quality improvement, we also provide early payments before major holidays such as Lunar New Year and Chuseok.

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Safety and Health Management

Safety and Health Management System

LOTTE HIMART complies with laws related to workplace safety—including the Occupational Safety and Health Act, Electrical Safety Management Act, and Framework Act on Fire Fighting Services—and has established a safety and health management system accordingly. This system applies not only to all employees across our workplaces—including vulnerable groups such as pregnant employees, seniors, and persons with disabilities—but also to customers and all partner companies under contract with LOTTE HIMART. In order to strengthen our safety and health system, we have established a dedicated organization and appointed safety managers in each region. These managers conduct inspections across all sites at least twice a year to prevent accidents.

Organizational Structure

Safety and Health Management Organizational System

LOTTE HIMART has established and operates a comprehensive safety and health management system under the leadership of the Chief Safety and Health Officer. Each division head under the Chief Safety and Health Officer supports safety-related tasks, while the corporate Safety Management Team, under the Head of Safety Management Division, handles overall operations. The Safety Management Team is composed of safety planning and safety operations personnel and their key responsibilities include serious accident prevention, management of the safety and health system, business site risk assessments, and on-site safety inspections. To ensure efficient operations, a monthly Safety and Health Committee is held to enable organic collaboration between safety management-related departments.

Safety and Health Management Organizational Structure



Safety Management Council Composition and Operation

Each quarter, LOTTE HIMART operates the Safety Management Council, the main decision-making body for safety and health, chaired by the CEO, a Chief Safety and Health Officer. The council addresses key agenda items such as facility investment plans, seasonal safety measures (e.g., for storm and flood damage/winter), accident prevention strategies, and follow-up actions. It develops targeted measures based on frontline feedback to create a safer working environment.

Occupational Health and Safety Committee

LOTTE HIMART holds quarterly meetings of the Occupational Health and Safety Committee to review and deliberate on key safety topics, including industrial accident prevention policies, risk assessment results, and safety education plans. The committee is composed of an equal number of user and worker representatives. Under the Occupational Safety and Health Act, some of the selected agenda items reviewed and resolved by the committee are submitted to the Board of Directors for reporting, and final approval is obtained annually. We also transparently disclose the committee's discussions and resolutions on the company intranet to ensure all employees have access to the information.

Regional Safety Management Organization Operation

We have appointed certified safety managers to each area, all of whom hold relevant professional safety-related certifications. These safety managers, part of the Safety Management Team, regularly visit stores and distribution centers nationwide to conduct inspections and provide training, minimizing safety blind spots and ensuring active communication with the field.



Region	Coverage	No. of Stores
Capital A	Headquarters, Gangnam, Gangbuk	62
Capital B	Gangwon, Incheon, Suwon	92
Chungcheong	Chungcheong, distribution center	49
Yeongnam	Busan, North Gyeongsang Province	65
Honam	Honam, South Gyeongsang Province, Jeju	59

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Safety and Health Management

Safety and Health Management System

Policy and Strategy

With the highest priority on the safety of all stakeholders, including employees, partner companies, and customers, we have established a Safety and Health Management Policy to strengthen the company-wide safety and health system. This policy is publicly available on our official website.

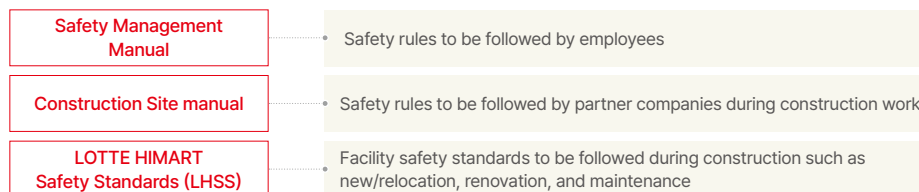
Safety and Health Management Policy

All employees of LOTTE HIMART actively participate in and practice the safety and health policy based on the core value of respecting life, strive to provide healthy and comfortable lives for all stakeholders, including workers and customers.

01. Place top priority on safety and health: In the case of the company's major policy decisions, our policies shall place the priority on safety and health.
02. Establish an accident prevention culture: Establish and mitigate potential risk factors in all business sites to foster a culture that proactively prevents dangerous situations.
03. Establish a swift response system: Establish an accurate and swift emergency response system through continuous education
04. Promote employees' active participation: Provide continuous assistance to employees and promote their active participation for the company's safety and health environmental improvement.
05. Comply with laws and regulations: Strictly comply with internal and external laws and regulations in relation to safety and health.

Safety-Related Work Standards and Manuals

In compliance with the Occupational Safety and Health Act and related regulations, LOTTE HIMART classifies and defines the design standards on the safety management manuals by fire safety, electrical safety, and architectural safety, and strives to secure workplace safety from the design stage. We update the safety management manual annually to reflect risk factors identified during workplace safety inspections and distribute the updated version to all sites to ensure standardized safety management. In addition, we continuously revise and share internal safety standards and construction site manuals by incorporating the latest legal requirements in each relevant field.



Mid- to Long-Term Strategy and Goals

Strategy	Details	Management Indicators	Mid- to Long-Term Goals			
			2024	2025	2026	2027
Workplace Safety Management	<ul style="list-style-type: none"> • Manage safety accident prevention • Enhance incident response systems • Strengthen employee awareness through training 	Lost time injury rate (LTIR) ¹⁾	0.072%	0.065%	0.058%	0.052%
		No. serious accidents ²⁾	0	0	0	0
Strengthen safety management system	<ul style="list-style-type: none"> • Expand scope of external safety certifications (Certify headquarters/branches in 2024 → Expand to all stores and distribution centers starting 2025) 	Safety and health management system certification rate	5.9%	100%	100%	100%

¹⁾ Lost time injury rate= (No. of injured workers/working hours of workers subject to industrial accident compensation insurance act)*200,000
²⁾ Serious accident: The degree of disasters such as death during industrial accidents

Safety and Health Management System Certification

In 2023, we obtained ISO 45001 certification, the international standard for industrial safety and health management systems, and has maintained it since. We plan to continue renewing the certification while further advancing our safety and health systems and related processes.

Category	Status
No. of target workplaces ¹⁾	22 sites
No. of certified workplaces ²⁾	22 sites
Certification rate	100%
Certification valid period	December 4, 2023–December 3, 2026

¹⁾ No. of target workplaces: Selection of our core workplaces
²⁾ No. of certified workplaces: headquarters, 11 distribution centers, 10 branches

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Safety and Health Management

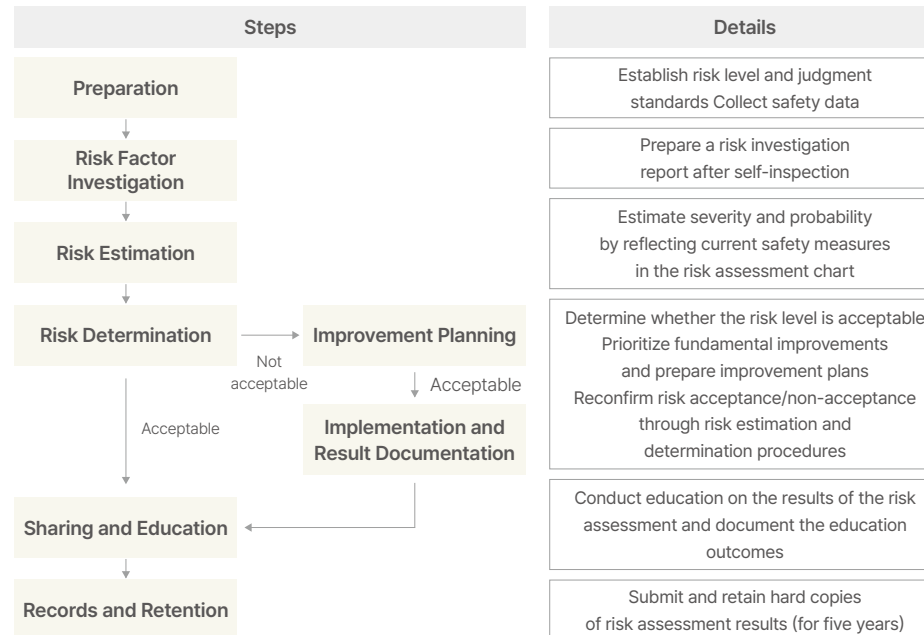
Safety and Health Management System

Risk Management

Risk Assessment

We conduct a company-wide risk assessment at least once a year with participation from all employees to manage safety and health risks. Risk assessment is the core of our safety accident prevention endeavors under the Serious Accidents Punishment Act and the Occupational Safety and Health Act, enabling each site to identify and address risks independently. In addition to risk assessments, we identify risks through regular safety inspections and employee feedback and implement corrective measures for all identified hazards. Additionally, we conduct regular semi-annual reviews to examine and discuss the appropriateness and effectiveness of risk assessment results and measures, confirming major risk factors, necessary investment items, and risk recurrence, and transparently disclose deliberated agenda items and discussion results through the internal intranet following management review.

Risk Assessment Process



Risk Rating System (RRS) Operation

The Risk Rating System (RRS) is an internal system that evaluates the risk level of each business site annually and classifies them into five grades (S to D) to provide optimized safety guides for each grade and help managers progressively improve safety standards. The evaluation is conducted using a total of 10 indicators focused primarily on management aspects, excluding facility-related components. For sites with lower ratings, we require internal safety management efforts aligned with the provided guidelines to drive improvement.

On-site Assessment (60%)					Monitoring Assessment (40%)				
Fire Drill	Legal Compliance Documents	Internal Documents	Accident Prevention	Safety Signage	Compliance with Safety Pledge	Safety Incidents	Risk Improvement Rate	Group-wide System	Waste-paper Storage Management
In-house fire department operation	Fire safety plan, partner companies site inspection risk assessment form	Safety manual, four types of "Last Person Out" notice boards	Recurrence of deficiencies from previous inspection	Attachment of safety signage checklist	Compliance with 2025 safety pledge	Minor issues excluded such as simple leaks	Corrective action (excluding facility-related issues)	Long-term inactivity, password errors	Combustibles left unattended after business hours

Regular Safety Inspection

We conduct systematic safety inspections across all stores and distribution centers, focusing on early identification of potential accident risk factors within business sites and proactive improvement measures. When it comes to safety, prevention is of utmost importance. We take immediate action on improvement needs identified through inspection results while establishing measures to fundamentally prevent recurrence from a mid- to long-term perspective.

Construction Site Safety Management

We conduct on-site inspections at construction sites at least once a week and evaluate whether construction partner companies are complying with safety rules. If a partner company is found to violate basic safety rules—such as its workers not wearing safety helmets—a warning is issued. If three warnings accumulate, the partner company is immediately removed from the site and barred from future bidding. Construction sites inherently involve risk, and even minor negligence can lead to serious accidents. Strict safety management is therefore essential. We also conduct annual safety evaluations to raise our partner companies' safety levels, and take necessary measures such as restricting bidding rights if minimum score thresholds are not met.

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Safety and Health Management

Safety and Health Management System

Risk Management

Response to the Serious Accidents Punishment Act

LOTTE HIMART has established a safety and health management system to provide a safe working environment for all employees and is committed to achieving zero-accident workplaces across the company. All workers are required to follow protocols that allow them to stop hazardous work. In the event of an emergency, they have the right to halt work and evacuate. If the reason for work stoppage is deemed reasonable, the Chief Safety and Health Officer ensures the worker is not subject to disciplinary or disadvantageous measures. Following an accident, we take measures to prevent recurrence of similar incidents by eliminating risk factors and establishing preventive measures. When deemed necessary, we improve the company-wide safety and health management system.

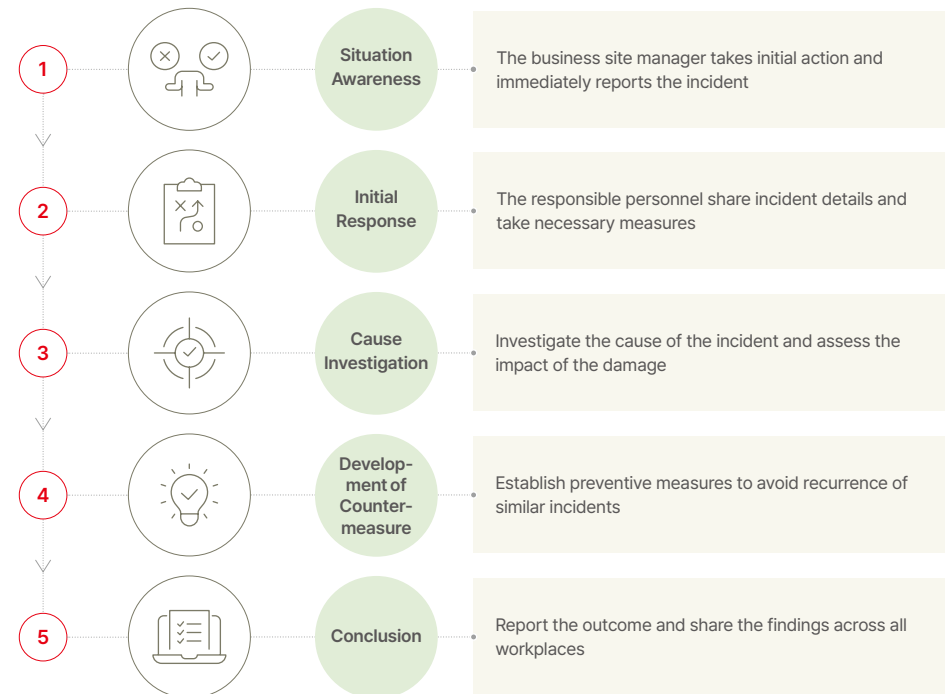
Safety and Health System to Prevent Serious Accidents

Number	Details
1	Establish company-wide safety regulations and manuals
2	Assign safety managers by region
3	Conduct company-wide safety inspections and resolve identified risks factors 100% (twice a year)
4	Conduct period- and issue-specific inspections
5	Conduct risk assessments and implement improvements across all business sites
6	Operate the Occupational Health and Safety Committee
7	Provide regular safety and health education for employees and supervisors
8	Inspect the safety of workers and the state of facilities in construction sites
9	Conduct accident prevention campaigns and training programs
10	Operate the Safe Master system (fostering in-house safety experts)

Accident Response Process

LOTTE HIMART operates the accident response process for all employees and all business sites. The process consists of five stages—situation awareness, initial response, cause investigation, development of countermeasures, and conclusion—with clearly defined responsibilities at each stage. Led by the Chief Safety and Health Officer, the Safety Management Team oversees and operates the accident and emergency response, and provides company-wide training to prevent recurrence. In addition, to prepare for emergencies such as accidents or natural disasters, we develop and assess emergency scenarios. Based on these scenarios, we conduct emergency response education and training at least once per month.

Accident Response Flow Chart



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Safety and Health Management

Safety and Health Management Activities and Performance

Safety and Health Awareness Initiatives

Safety and Health Education

LOTTE HIMART provides variety of safety and health education programs to raise safety awareness among all employees. We designated the first day of every month as Safety Inspection Day and conduct fire and earthquake evacuation drills on that day in line with in-house fire department. Through a Safety Education Month, CPR and electrical/fire safety trainings are delivered to prevent and respond to potential workplace accidents. In addition, the relevant departments are training internal auditors to maintain and manage the safety and health management system (ISO 45001).

Employee Safety and Health Education Status

Frequency	Target	Details
As needed	All employees	Accident case sharing and education on preventive measures, seasonal risk factor education (fire prevention, storm and flood damage, etc.)
Monthly	All employees	Fire and earthquake evacuation drills
Quarterly	Business site managers	Education on safety management in business site
	Other employees	Occupational safety and education
Semi-annually	Supervisors	Education for supervisors
	Dedicated safety and health personnel per department	Education on ISO 45001 internal audit
Annually	Position holders	Education on improving safety management awareness

Safety Inspection Day

We designated the first day of each month as Safety Inspection Day to conduct workplace self-inspections, and continues intensive management by selecting anticipated seasonal and issue-specific top risks. Additionally, we conduct risk assessments on hazard factors within business sites to prevent safety accidents in stores.

Safe Master Certification System

We run the 'Safe Master' certification program to develop experts equipped with proper safety knowledge and behavioral guidelines. This program is the first in the industry to receive accreditation from the Human Resources Development Service of Korea, and the certification exam consists of written and practical tests in four subjects: safety and health, firefighting, electricity, and first aid. Since 2023, the program has been expanded to include all employees to enhance safety expertise and awareness. As of April 2025, 929 safe masters are active.

Employee Healthcare

LOTTE HIMART operates a health service room at headquarters with a resident healthcare manager to strengthen employee healthcare and follow-up care. To prevent work losses due to health issues and improve employees' quality of life, we provide comprehensive medical checkup for all employees once a year, and employees with abnormal examination results are tracked and managed through interviews. Additionally, for employees at the store manager level or above and those aged 40 and older, we support medical checkups for their spouses or immediate family members.

Partner Company Safety Management

Partner Company Safety and Health Management

We strive to create a safe working environment for partner companies through various support activities. We hold monthly Safety and Health Committee meetings to promptly share workplace safety management status and legal issues, and improve identified problems. Additionally, we hold meetings at least once a year for partner companies that manage critical facilities such as firefighting and electrical systems and perform high-risk operations, actively supporting workplace difficulties and improvement needs. We also provide supplies needed for fire safety education or training and offer educational materials. For qualified partner companies procurement management, we evaluate the safety levels of partner companies performing hazardous work such as construction, facility management, and maintenance. Partner companies that fall below the threshold score are subject to penalties for a specified period.

Regular meetings and councils	Safety and Health Committee, partner company meetings, and joint inspections with partner companies
Provision of operational manuals and guidelines	Distribution center safety management manual and risk assessment guidelines provided
Facility management and inspections	Fire safety plan management, support for fire inspections, and wastewater treatment facility management

VR Safety Experience Training

We operate a VR safety experience training center within the distribution center. Through safety experience training, we enable participants to experience potential safety accidents that may occur during product distribution and installation processes, and aim to improve response capabilities in case of safety accidents through learning, thereby enhancing safety awareness to prevent safety accidents.

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Social Contribution

Social Contribution Implementation System

Organizational Structure and Strategy

LOTTE HIMART carries out initiatives led by the External Relations Team, a dedicated organization for social contribution, and management regularly monitors reported performance. The External Relations Team aims to actively fulfill social responsibility and contribute to a sustainable society by establishing social contribution direction and setting goals. Additionally, we operate donation programs established by the company and employees, and implement various social contribution activities. We have designated 'children' as the target beneficiaries of our social contribution programs, and plan and operate programs that can showcase internal capabilities with themes related to home appliances and science, which are connected to our business. Furthermore, to operate social contribution activities with high social value, we review value measurement methods for each activity and measure and manage the value created by some activities.

Social Contribution Organizational Structure



Key Organizations for Collaboration

Organizations for Collaboration	Collaboration Details
Community Chest of Korea	<ul style="list-style-type: none"> Discussing initiatives utilizing employee donations Matching and supporting implementing organizations suited to each project's nature
ChildFund Korea	<ul style="list-style-type: none"> Planning programs such as the Hi-Science Concert, Science Class, and the Three for Happiness Campaign Planning and operating other social contribution programs and support projects

Social Contribution Promotion Strategy

Goals	Contributing to sustainable social development through active fulfillment of social responsibilities																																			
Brand	Hi	Approach needy neighbors and offer help ("Hi"). Help needy neighbors live in a high-quality environment ("High").																																		
Strategic Direction	Spreading a culture of sharing	A world where children are happy																																		
	<ul style="list-style-type: none"> Mutual growth with local communities through active participation of all employees 	<ul style="list-style-type: none"> Science-themed social contribution programs for children 																																		
Main Programs	<ul style="list-style-type: none"> Three for Happiness Campaign 	<ul style="list-style-type: none"> Hi-Science Concert & Science Class 																																		
	Mid-to long-term Operation Plan	<table border="1"> <thead> <tr> <th>Category</th> <th>2025</th> <th>2026</th> <th>2027</th> </tr> </thead> <tbody> <tr> <td>No. of supports</td> <td>6 times</td> <td>8 times</td> <td>8 times</td> </tr> <tr> <td>No. of sponsored children</td> <td>200</td> <td>200</td> <td>200</td> </tr> </tbody> </table>	Category	2025	2026	2027	No. of supports	6 times	8 times	8 times	No. of sponsored children	200	200	200	<table border="1"> <thead> <tr> <th>Category</th> <th>2025</th> <th>2026</th> <th>2027</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Sci-ence concert</td> <td>No. of events</td> <td>1 times</td> <td>1 times</td> <td>1 times</td> </tr> <tr> <td>No. of participating children</td> <td>150</td> <td>150</td> <td>200</td> </tr> <tr> <td rowspan="2">Sci-ence class</td> <td>No. of events</td> <td>2</td> <td>2</td> <td>4</td> </tr> <tr> <td>No. of participating children</td> <td>200</td> <td>200</td> <td>400</td> </tr> </tbody> </table>	Category	2025	2026	2027	Sci-ence concert	No. of events	1 times	1 times	1 times	No. of participating children	150	150	200	Sci-ence class	No. of events	2	2	4	No. of participating children	200	200
Category		2025	2026	2027																																
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Social Contribution

Social Contribution Activities and Achievements

Social Contribution Program Status

We continuously operate the Three for Happiness Campaign supporting grandparent-headed households, along with Hi-Science Concerts and Science Class using employee donations. In addition, we engage in various donation activities such as supporting the Super Blue Marathon to raise awareness of disabilities and contributing to the construction of the Bobath Children's Ward.

Major Social Contribution Achievements in 2024

(Unit: KRW million)

Category	Three for Happiness Campaign	Hi-Science Concert/ Science Class	Super Blue Marathon	Support for the Construction of Bobath Hospital
Program	Regular provision of daily necessities	Hosting of Hi-Science Concert / Science Class	support for marathon winners	Home appliance support
Investment	220	110	2.7	63
Achievement	220	110	4.2	100

* Investment: Our company's donation expenditure
 * Achievement: Beneficiaries' cost savings (based on in-kind expenditure)



Hi-Science Concert

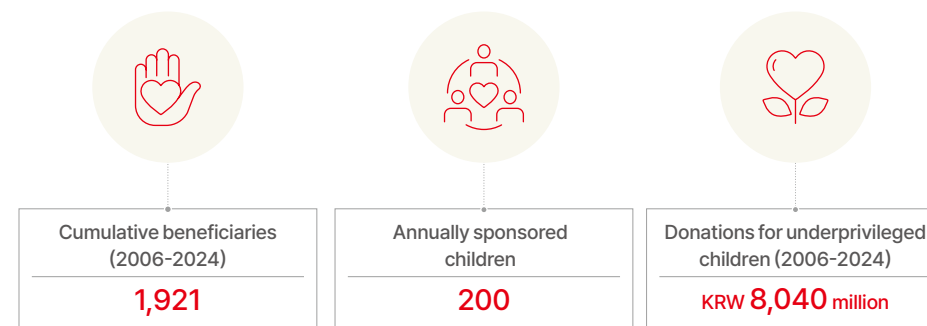


Support for the construction of Bobath Hospital

Three for Happiness Campaign

Since 2006, we have been operating the Three for Happiness Campaign, which pairs the company with children living with their grandparents in the absence of parents and provides regular support. Funded through voluntary donations from employees, the campaign delivers care kits containing daily necessities every two months to help support grandparent-grandchild households.

Overview of Three for Happiness Campaign



Hi-Science Concert & Science Class

Hi-Science Concert & Science Class is a science education program that helps children learn the scientific principles applied in home appliances in a fun way, and has been our flagship social contribution activity conducted annually since 2018. The Hi-Science Concert is a seasonal program held during school vacations, offering children a fun and educational experience with science. The Hi-Science Class is held at local children's centers across the country to help underprivileged children, who may lack educational opportunities, enjoy learning scientific principles. In addition, teachers for the Science Class are primarily recruited from women with career interruptions, contributing to job creation for this group.

Overview on Hi-Science Concert & Science Class

(2018-2024, cumulated)



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Information Protection

Information Protection and Data Security Management System

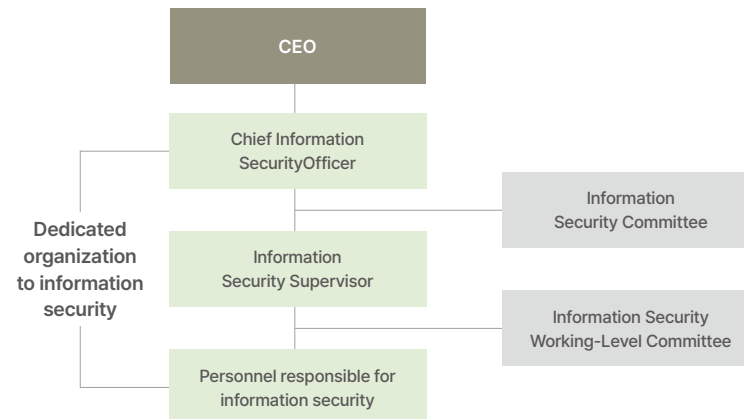
Organizational Structure

To address the growing risks related to information protection, LOTTE HIMART has established a systematic management system and operates the Information Security Council comprising the Information Security Committee and the Information Security Working-Level Committee. The Information Security Committee appoints heads of departments related to personal information, technology security, personnel security, and physical security as members and makes decisions on important matters related to information protection, such as changes in information protection policies/guidelines and related processes, to respond to the internal and external information protection environment. The Information Security Working-Level Committee shares information protection trends among personal information, technology security, personnel security, and physical security personnel and resolves issues.

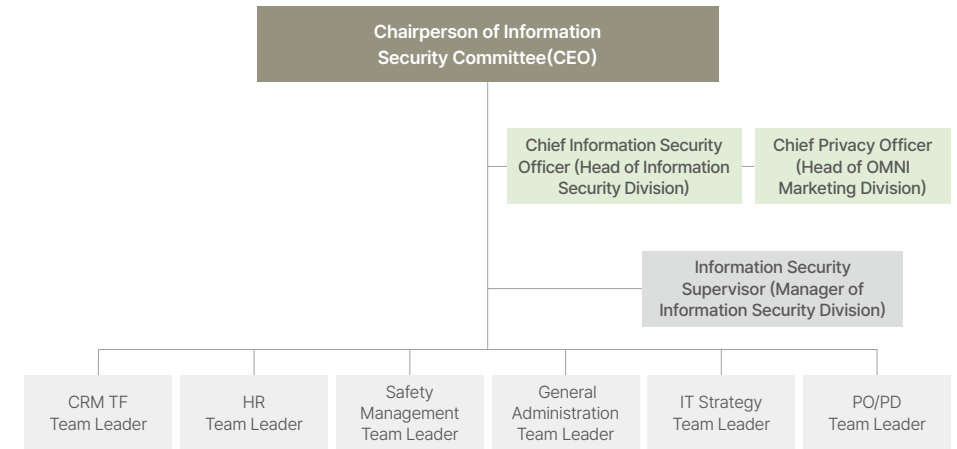
Criteria for Appointing the Chief Information Security Officer (CISO) and Security Personnel

To ensure management and oversight, the Chief Information Security Officer (CISO) is appointed in accordance with domestic information protection related laws. The role is assigned to an executive with at least five years of experience in information protection or IT-related duties. In addition, personnel with relevant knowledge and experience are appointed to strengthen the expertise of the organizations responsible for information and personal information protection.

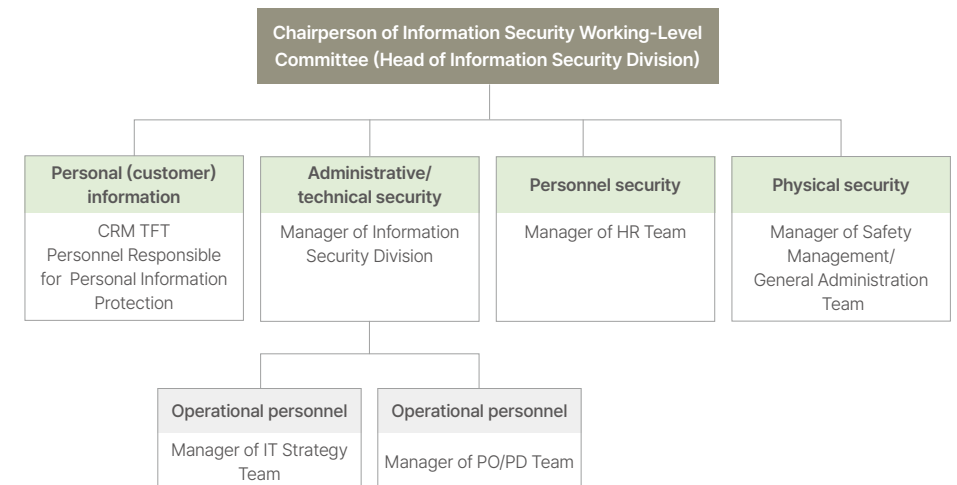
Information Security Organizational Structure



Information Security Committee



Information Security Working-Level Committee



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Information Protection

Information Protection and Data Security Management System

Policy and Strategy

Information Security Policy

LOTTE HIMART operates by establishing an information security policy containing operation regulations and four sets of guidelines covering administrative, physical, technical, and personal information protection. Each year, we review and update our policies and guidelines to reflect changes in laws, systems, internal and external environments, and IT and business trends. Revisions are made through deliberation by the Information Security Committee and final approval by the CEO. The information security policy applies to all employees and partner companies, covering all business sites including stores, distribution centers, and online shopping mall. Accordingly, when policies and guidelines are revised, they will be transparently disclosed through employee training and the company intranet.

LOTTE HIMART Information Security Policy

Privacy Policy

We ensure the security of personal information through technical, administrative, and physical safeguards, and discloses its privacy policy on its corporate website and online shopping mall. In 2024, there were zero confirmed cases of personal information leakage, theft, or loss.

LOTTE HIMART Privacy Policy

Information Security Strategy

Under the leadership of its dedicated information security organization, LOTTE HIMART has set a goal of “zero customer information leaks and security incidents” and systematically manages information security risks through establishing and operating initiatives aligned with four strategic directions.

Strategic Direction	Initiatives
Ensuring legal compliance	<ul style="list-style-type: none"> Information security disclosure ISMS certification Revision of information security policies/guidelines
Enhancing information security inspections	<ul style="list-style-type: none"> Specific categorization of on-site information security inspection items Inspection of personal information outsourcing partner companies
Improving security solutions	<ul style="list-style-type: none"> Review and update of security policies Regular inspection and upgrades
Elevating employee awareness	<ul style="list-style-type: none"> Enhancement of mock training Strengthening information protection activities

Risk Management

Information Security Incident Response

We operate a security incident response system that enables swift action and minimizes damage in the event of a personal information breach or information leak. When an incident occurs, we define incident types according to regulations and classify them by severity level from highest to lowest as Alert, Caution, and Attention, with response organizations and procedures detailed by type.

Additionally, we establish proactive protection measures and conduct training and monitoring to identify and prevent information security breaches in advance. Accordingly, we analyze vulnerabilities in information security systems, operate a collaborative response framework with relevant departments, and conduct breach incident response training including disaster recovery mock trainings twice a year and mock virus e-mail training four times a year. Furthermore, we implement integrated security monitoring to enable rapid response to breach incidents that can occur at any time. In addition to these preventive measures, we are establishing a response framework in the event of an information security incident, and are promptly taking measures such as forming a crisis management task force team (TFT) and establishing compensation process to effectively respond to cyber security incident threats.

Security Incident Prevention and Response



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Information Protection

Activities to Strengthen Information Protection and Data Security

Strengthening Information Security Management

Enhancing Information Security Inspections

LOTTE HIMART developed a self-assessment system for information security and completed company-wide self-assessments by organizational unit in the fourth quarter of 2024. In 2025, we plan to strengthen on-site security audits targeting headquarters, distribution centers, and personal information outsourcing partner companies to enhance overall security levels and employee information security capabilities. We also aim to continuously expand the scope of on-site inspections.

Partner Company Information Security Management

In accordance with Article 26, Paragraph 4 of the Personal Information Protection Act, LOTTE HIMART conducts annual information security inspections of its personal information outsourcing partner companies. The inspections cover 16 items across administrative, personnel, physical, and technical security, assessing whether relevant systems are in place and functioning. In 2024, we completed inspections of all 195 personal information outsourcing partner companies (100% inspection rate) and also reviewed the status of secondary outsourcing, which was identified as an area for improvement in the 2023 inspection results. In the 2024 inspection, the application of technical security measures by partner companies was identified as an area for improvement. Accordingly, in 2025, we plan to refine technical security requirements and inspect the information security management processes of personal information outsourcing partner companies.

Investment in Information Security

In 2024, we invested approximately KRW 3.7 billion in information security to strengthen its security posture and establish a safe operating environment. This accounted for 9.6% of the company's total IT investment. We enhanced overall system security by investing in core systems across all business areas, improving the protection of customer information and related data, as well as ensuring secure transactions. Details of our information security efforts—including investment amounts and personnel status—are disclosed via the Comprehensive Information Security Public Disclosure Portal.

Information Security Management System (ISMS) Certification

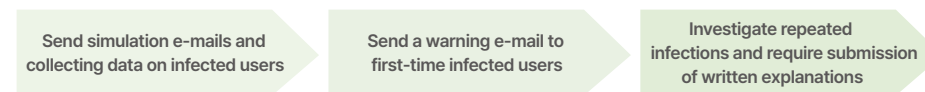
LOTTE HIMART obtained its first ISMS (Information Security Management System) certification in 2015 and has since maintained certification and advanced its information security standards through annual audits conducted by an independent third-party organization. The ISMS certification, under the Act on Promotion of Information and Communications Network Utilization and Information Protection, confirms that the organization's security measures and activities meet established standards. In November 2024, we successfully renewed the certification for all nine application systems subject to ISMS.

Raising Internal Awareness of Information Security

Enhancing Mock Training

To prepare for potential IT disasters, we analyze the estimated damage and business impact for each system and designs and operate disaster recovery system accordingly. In the event of a disaster, we conduct disaster recovery mock trainings twice a year to ensure company-wide systems can be promptly restored to normal operations.

Mock Training Process



Information Security Education

We provide personal information protection education once per quarter (four times annually) through a mobile learning platform, targeting all employees including contract workers at headquarters, branches, and stores. We enhance education effectiveness by providing practical curriculum applicable to work, including the importance of personal information disposal and proper disposal methods, and personal information exposure by attachment file types. Additionally, we conduct online video education on information security for all employees at least once a year, and mandatory information protection education is implemented for new employees upon joining. We also regularly conduct collective education sessions for new employees and newly appointed store managers and deputy store managers.

Information Security Education Status (as of end of 2024)

Target	Completion Rate (%)	No. of Targeted Employees	No. of Completed Employees
All employees	100%	4,001	4,001

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Governance

Shareholder-Friendly Management

Stock Issuance and Voting Rights

As of December 31, 2024, the number of our outstanding stocks is 23,607,712, consisting entirely of common stock. Our largest shareholder is LOTTE SHOPPING Corporation, which holds a 65.25% stake. We own 472,000 shares (2%) of treasury stock, which do not carry voting rights. We also operate the Employee Stock Ownership Association as one of our employee motivation tools, and at the end of 2024, the association held 38,903 shares.

Type of Stocks and Voting Rights

(Unit: shares)

Category	Stock Type	No. of Shares	Note
Total no. of stocks	Common stock	23,607,712	-
No. of stocks with no voting rights	Common stock	472,000	Treasury stock
No. of stocks with voting rights	Common stock	23,135,712	-

Shareholder Return Policy

LOTTE HIMART strives to strengthen shareholder returns by paying dividends at the end of each fiscal year, ensuring that increases in corporate value lead to increases in shareholder value. Since 2017, dividends have been calculated by excluding the impact of one-time losses such as operating rights impairment, and we aim for a dividend payout ratio of 30% based on net income.

Business Year	Stock Type	Cash Dividend		
		Dividend per Share ¹⁾	Total Dividend	Dividend Yield ²⁾
2024	Common stock	KRW 300	KRW 6.9 billion	4.1%
2023	Common stock	KRW 300	KRW 6.9 billion	2.9%
2022	Common stock	KRW 300	KRW 6.9 billion	2.3%

1) Dividend per share refers to the total amount paid per share annually

2) Dividend yield refers to the ratio of the dividend per share to arithmetic average price of the closing price formed in the exchange market during the week immediately preceding the two trading days before the shareholder registration closing date

Shareholders' Rights Protection

Notice of Shareholders' Meeting

LOTTE HIMART announces the convening of the shareholders' meeting four weeks in advance by providing information on the venue, agenda, and date of the meeting to ensure that shareholders have sufficient time to review and deliberate on the agenda.

e-Voting System

LOTTE HIMART has been operating the e-voting system since the 2016 Ordinary Shareholders' Meeting to help shareholders exercise their voting rights more easily. At the March 2025 Ordinary Shareholders' Meeting, 312,201 shares (1.93% of shares with voting rights) were voted through the e-voting system.

Strategic Choice of Shareholders' Meeting Date

LOTTE HIMART aims to enhance minority shareholder participation by holding its Ordinary Shareholders' Meeting outside the March concentration date for listed companies. The Ordinary Shareholders' Meeting in March 2025 was also scheduled outside the concentrated date for the convenience of shareholders and to encourage greater participation from minority shareholders.

Proxy Solicitation System for Exercising Voting Rights

To ensure the effective exercise of voting rights, LOTTE HIMART has requested the Korea Securities Depository to solicit proxy voting. In addition, individual notifications are sent to shareholders holding 1% or more of the shares.

Shareholder's Meeting Status

Category	38 th Shareholder's Meeting	37 th Shareholder's Meeting	36 th Shareholder's Meeting
Business year	2024	2023	2022
Concentration date of ordinary shareholders' meeting	2025.03.21	2024.03.22	2023.03.24
	2025.03.27	2024.03.27	2023.03.30
	2025.03.28	2024.03.29	2023.03.31
Date of ordinary shareholders' meeting	2025.03.20	2024.03.25	2023.03.27
Avoidance of concentration date for ordinary shareholders' meeting	Yes	Yes	Yes
Conduct of postal voting	No	No	No
Conduct of e-voting	Yes	Yes	Yes
Proxy solicitation for voting rights	Yes	Yes	Yes

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Management

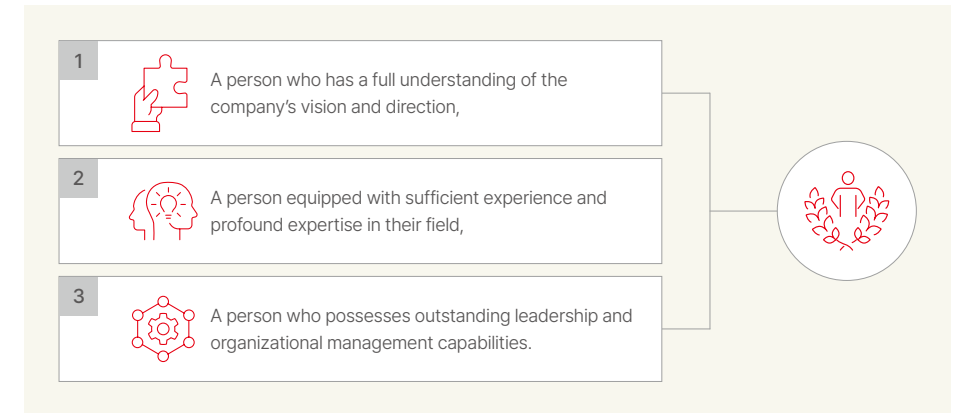
Management and Succession Policy

To accelerate sustainable growth under the vision of 'LOTTE HIMART, your lifetime partner in home appliance care from start to end,' the management is composed of experts from various fields and is operating by establishing policies on CEO succession with the goal of ensuring the safety and continuity of company management while minimizing uncertainties such as management gaps.

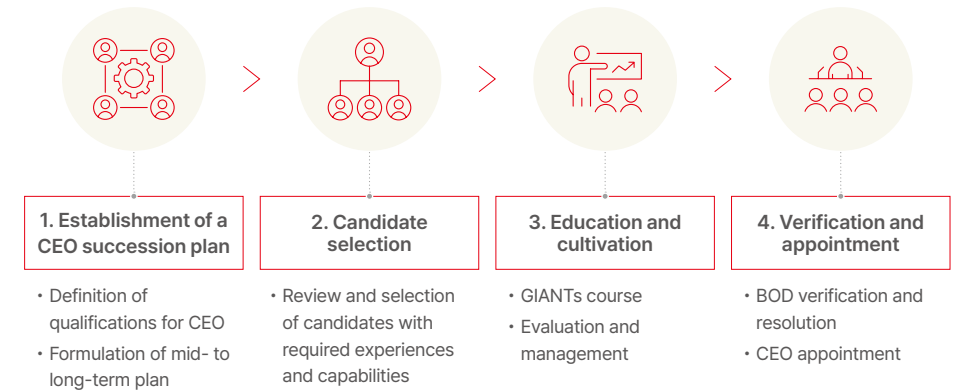
CEO Succession Policy

LOTTE HIMART established the 'Regulation on CEO Succession' in 2023 to identify and systematically nurture CEO candidates with the necessary capabilities and qualities. The HR Team reviews candidates with the experience and skills required for CEO succession in accordance with the regulation. In addition, to foster the broad perspective and strategic thinking necessary for a CEO, the HR Team conducts various education, training, and systematic evaluations, including the SEMBA educational program, management strategy and leadership coaching, and career development programs, to nurture CEO candidates and strengthen internal capabilities. The Board of Directors identifies candidates with the necessary capabilities and qualities for the future management. In the event of a succession, the Board recommends a candidate for CEO, and the Board appoints the candidate who possesses the required experience and capabilities through a resolution. Additionally, when the CEO passes away, the Board is required to establish the order of acting duties. When the CEO retires, a candidate recommended by the Board will prepare to assume the role until being officially appointed as a internal director at the shareholders' meeting, in order to ensure management stability.

Qualifications for CEO



CEO Succession Process



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Governance

Board Composition and Operation

Board Composition

LOTTE HIMART's Board of Directors is composed of four internal directors and five external directors (including one female external director), totaling nine members, in compliance with the requirements of the Commercial Act. To ensure prompt decision-making and efficient organizational operations, the CEO is duly elected as the Chairman of the Board in accordance with internal regulations. Each member of the Board has diverse capabilities and expertise and holds no financial interest in the company, enabling independent decision-making. As the highest decision-making body of the company, the Board resolves important matters related to the basic policies and business progress of company management and supervises the execution of duties by the management. In addition, the Board is fully supported by relevant departments, such as the General Administration Team and HR Team, which provide the necessary information and resources to enable the Board to perform its duties professionally.

Board Independence

To ensure the fair and transparent selection of external directors, LOTTE HIMART appoints external directors with proven independence based on recommendations from the Nomination Committee. LOTTE HIMART has established and operates a board management system centered on independent external directors, with the majority of the board composed of independent external directors who have been reviewed by the committee. This structure enables the board to effectively fulfill its role in supervising and overseeing management.

Senior External Director System

The Senior External Director system supports the proper balance and mutual checks within the Board of Directors by electing a senior external director to represent the external directors. The senior external director has the authority to convene and preside over external director board meetings, request support for the efficient functioning of the Board, and assist in measures to enhance the responsibilities of external directors. To systematically ensure the independence of external directors, LOTTE HIMART introduced the Senior External Director system in March 2024 and, in consultation with the five external directors, elected director He Ri Choi as a senior external director to operate the system.

Board Diversity

LOTTE HIMART appointed one female external director in March 2022 as part of its commitment to diversity and is striving to diversify the Board of Directors in terms of gender, experience, and nationality. This aims to enable flexible responses to changes in the business environment based on diverse perspectives and experiences. We plan to appoint future Board members based on qualities such as expertise and responsibility, without regard to gender or other criteria.

Board Expertise

LOTTE HIMART strives to appoint competent directors with expertise who can make practical contributions to the company and protect the rights and interests of shareholders, customers, and various stakeholders by making decisions from diverse perspectives. Accordingly, the Board of Directors is composed of experts in various fields, including finance, accounting, law, and risk management, to ensure multifaceted decision-making. In addition, we provide training on various topics to enhance external directors' understanding of the business and support them in fulfilling their responsibilities.

Board and Committee Training Status

Training Title	Details	External Directors' Attendance Rate
LOTTE Group external director invitation training	• Strengthen group understanding and share future strategy	100%
LOTTE HIMART on-site board	• Introduce a HIMART Care Center (Home Center) store (Enter-6 Anyang Station store) to showcase the 'HIMART Care' strategy • Introduce a new concept IT-specific store (Gwangmyeong LOTTE Mall store)	100%
LOTTE group audit committee member conference	• Compliance management and integrated internal control of directors and audit committee member: corporate value-up programs and the role of the Board of Directors	100% (Audit committee members)

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Board Composition and Operation

Board Composition

BOD Expertise

Board Skill-matrix

As of Mar. 2025

Category	Internal Directors				External Directors				
	Chang Hee Nam	Young Hyeok Kim	Bo Gyeong Kim	Sang Yoon Park	Il Joo Kim	Jin Young Kim	Kang Soo Lee	Dae Sik Hong	He Ri Choi
Expertise	Leadership	●	●	●	●	●	●	●	●
	Finance/accounting				●		●	●	
	Risk management	●	●	●	●	●	●	●	●
	Company management	●	●	●		●		●	
	ESG					●		●	●
	Marketing/PR			●		●			
	Laws/regulation						●		●
First appointed date	2023.03.27	2025.03.20	2025.03.20	2022.03.22	2024.03.25	2024.03.25	2024.03.25	2024.03.25	2022.03.22
Year of birth	1966	1972	1970	1971	1967	1964	1968	1965	1965
Gender	Male	Male	Male	Male	Male	Male	Male	Male	Female
Roles	CEO	Team leader of Management Innovation Team 2, LOTTE Corporation	Head of On-Off MD Group	Head of Finance Division	Chairperson of the ESG Committee	Chairperson of the Nomination Committee	Chairperson of the Audit Committee	Chairperson of the Transparent Management Committee	Chairperson of the Remuneration Committee
Career background	Former) CEO of Super Business Division, LOTTE SHOPPING	Former) Head of Operation Division, Korea Seven	Former) Head of Operation Division, LOTTE HIMART	Former) Team leader of Finance & Innovation Office's Team 1, LOTTE Corporation	Former) Head of Global Marketing Center, LG Electronics	Current) Dean of the Korea University Graduate School of Labor Studies	Current) Deputy Representative, Dasan Accounting Corporation	Current) Dean at the Law School, Sogang University	Current) lawyer at the Sanji Law Firm

1) Reappointment of director Chang Hee Nam

2) Expiration of director Byung Chul Moon's term, appointment of directors Bo Gyeong Kim and Young Hyeok Kim as of March 20, 2025

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Board Composition and Operation

Committees Under the BOD

LOTTE HIMART operates all its committees with external directors to ensure their independence. The committees under the Board of Directors are composed of experts with the experience and knowledge required to fulfill the purpose of each committee, thereby enhancing the expertise of decision-making.

Roles and Composition of Each Committee

Committee	Key Role	Name
Audit Committee	<ul style="list-style-type: none"> Investigation of the company's affairs and assets Approval of the internal accounting management regulations and evaluation of the operation Other duties related to the company's audit 	Kang Soo Lee (Chairperson)
		Jin Young Kim
		He Ri Choi
Transparent Management Committee	<ul style="list-style-type: none"> Review and approve large-scale internal transactions Pre-approve transactions with the company's largest shareholders and related parties 	Dae Sik Hong (Chairperson)
		Il Joo Kim
		He Ri Choi
Nomination Committee	<ul style="list-style-type: none"> Nominate external director candidates Formation and review external director candidates 	Jin Young Kim (Chairperson)
		Il Joo Kim
		Dae Sik Hong
Remuneration Committee	<ul style="list-style-type: none"> Determination of remuneration and performance-based compensation Establishment and revision standards for executive remuneration and performance-based compensation Determination of executive remuneration 	He Ri Choi (Chairperson)
		Kang Soo Lee
		Dae Sik Hong
ESG Committee	<ul style="list-style-type: none"> Establish ESG management strategies and policies Deliberate and approve key ESG action plans Manage and oversee ESG activities 	Il Joo Kim (Chairperson)
		Jin Young Kim
		Kang Soo Lee

Audit Committee

To ensure the expertise of the Audit Committee, LOTTE HIMART includes members with experience in accounting or finance. Additionally, in accordance with the Audit Committee Regulations, three members of the Audit Committee are external directors to guarantee independent fulfillment of the committee's roles and responsibilities. LOTTE HIMART specifies the qualifications for Audit Committee members in Article 7 of the Audit Committee's Operation Regulations. When selecting candidates, the company considers whether they are experts in law, accounting, or finance. Furthermore, necessary training is provided to help Audit Committee members effectively perform their audit duties. In 2024, training on compliance oversight and integrated internal control was provided to external audit committee members. Besides conducting internal audits, the Audit Committee approves the appointment of external auditors and evaluates the operation of the internal accounting management system. The committee receives quarterly reports on internal audit activities from the Ethics Management Team and reviews and approves future internal audit plans. The Audit Committee is also supported by the Compliance Officer and their support organization, as well as the Internal Accounting Team. The Audit Committee Operation Regulations grant the committee the right to receive expert assistance at the company's expense.

Audit Committee Composition

Role	Composition		Background	Note
	Category	Name		
Chairperson	External director	Kang Soo Lee	<ul style="list-style-type: none"> Executive director at the KPMG Samjong Accounting Corp. (2000~2017) Auditor at the Park Young Educational Foundation (2016~2019) Vice President at the Dasan Accounting Corporation (2017~ current) 	Accounting expert
Member	External director	Jin Young Kim	<ul style="list-style-type: none"> Research Fellow at the Germany Institute of Labor Economics IZA (2014~ current) Director at the Institute of Economics Research, Korea University (2023~current) Dean at the Korea University Graduate School of Labor Studies (2024~current) 	-
Member	External director	He Ri Choi	<ul style="list-style-type: none"> Standing member of the Mediation Committee, Seoul Court Mediation Center (2015~2016) Standing member of National Human Rights Commission of Korea (2016~2020) Lawyer at the Sanji Law Firm (2021~current) 	-

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Board Composition and Operation

Audit Committee

External Auditor

LOTTE HIMART is regularly audited by an independent external auditor to ensure the transparency and fairness of its accounting information. When appointing an external auditor, the Audit Committee comprehensively considers factors such as the auditor's size, audit capabilities, independence, and industry expertise. In addition, meetings are held with the Audit Committee to review the audit history and quality.

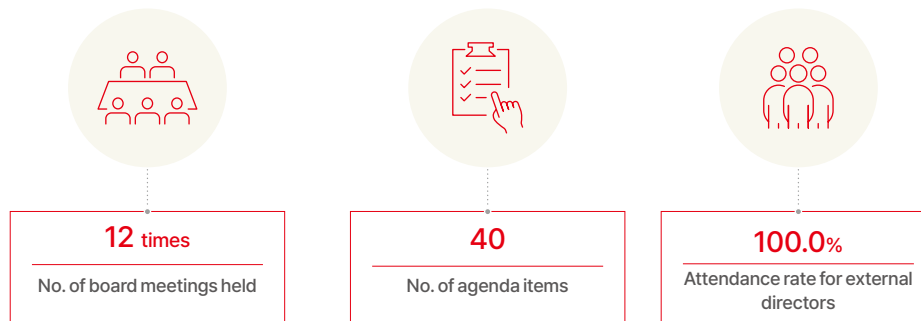
Audit Opinion

Business Year	Auditor	Opinion	Note
38 th (2024)	Deloitte Korea	Appropriate	None
37 th (2023)	Deloitte Korea	Appropriate	None
36 th (2022)	Deloitte Korea	Appropriate	None

BOD Operation

The Board of Directors meets quarterly under the chairmanship of the Chairman of the Board in accordance with Article 31 of the Articles of Association, and extraordinary meetings are convened when urgent matters arise. The Board is constituted by a majority of the current directors and resolutions are passed by a majority of those present. To prevent any individual from receiving advantage or disadvantage, directors with special interests in a resolution are restricted from exercising their voting rights. All agenda items discussed are recorded and maintained in the meeting minutes.

2024 BOD Operation Status



2024 BOD Major Approval and Report Status

Round	Date	Major Agenda Items
①	2024.01.24	<ul style="list-style-type: none"> Approval of the 37th financial statements and business report Approval of the 2024 business plan (draft) and budget Delegation of financing authority to the CEO Payment of group brand usage fees for 2024 Approval of LOTTE SHOPPING service transactions for 2024 Report on the operation of the internal accounting management system in 2023
②	2024.02.20	<ul style="list-style-type: none"> Approval of changes to the 37th financial statements Convening of the 37th Ordinary Shareholders' Meeting and determination of the purpose of the meeting 2024 Safety and Health Work Operation Plan (draft) Approval of investment in online mall reorganization for 2024 Report on 2023 business performance and future plans Report on the Audit Committee's evaluation of the internal accounting control system Report on ESG Committee approvals
③	2024.03.25	<ul style="list-style-type: none"> Appointing committees and chairpersons within the board Revising the board regulations Appoint a senior external director
④	2024.04.25	<ul style="list-style-type: none"> Change of Compliance Officer Report on Q1 2024 financial statements Report on 2024 strategic direction and Q1 performance review Report on Remuneration Committee approvals
⑤	2024.05.24	<ul style="list-style-type: none"> Approval of LOTTE SHOPPING product transactions related to PB
⑥	2024.06.20	<ul style="list-style-type: none"> Report on LOTTE HIMART rebranding plan Report on progress of carbon reduction certification Reporting ESG Committee approvals
⑦	2024.07.25	<ul style="list-style-type: none"> Report on the 2024 semi-annual financial statements Report on the progress of disclosing our corporate value enhancement plan Report on the progress of the 2024 Safety and Health Plan
⑧	2024.09.26	<ul style="list-style-type: none"> Change of Compliance Officer
⑨	2024.10.31	<ul style="list-style-type: none"> Report on Q3 2024 financial statements Report on corporate value enhancement plan disclosures
⑩	2024.11.21	<ul style="list-style-type: none"> Calling an extraordinary shareholders' meeting and determining the purpose of the meeting Setting the shareholder list reference date for the extraordinary shareholders' meeting Report on the results of the Fair Trade CP Committee Report on the approvals of the Transparent Management Committee Report on the approvals of the ESG Committee
⑪	2024.11.28	<ul style="list-style-type: none"> 2025 executive appointment reporting
⑫	2024.12.19	<ul style="list-style-type: none"> Disposal of assets Amendments to the Audit Committee operating regulations and internal accounting management regulations Renewal of group brand usage fee agreement Report on Anti-bribery system (ISO 37001) Management review



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E-mail: himart.esg@lotte.net

Website: <https://company.himart.co.kr/>

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Board Composition and Operation

Board Performance Evaluation

LOTTE HIMART conducts an annual self-evaluation of the entire Board of Directors, and a total of 32 detailed items are evaluated for the five evaluation categories of the Board of Directors' roles and responsibilities, structure, operation, evaluation, and committees under the Board of Directors. Additionally, each committee is evaluated once a year for compliance with regulations, independence, and expertise.

Internal Director Evaluation

The evaluation of internal directors is calculated by reflecting financial indicators such as operating profit and sales target achievement rates, as well as non-financial indicators such as ESG performance and compliance with laws and regulations, and is conducted once a year through sectoral evaluations. In particular, in July 2021, LOTTE Group announced the ESG Statement, which states that ESG management performance is reflected in the performance evaluation of the CEOs of group companies to guide and manage ESG management across the group. Based on this, approximately 20% of the CEOs' key performance indicators (KPIs) are composed of ESG management-related items.

2024 CEO ESG KPI

Category	Details
Environmental	Measure and manage upstream and downstream carbon intensity, carry out net-zero
Social	Enhance occupational safety and health, manage supply chain ESG risks, information protection operation management, and develop talent development system
Governance	Activate the ESG Committee
Others	Advance ESG disclosure

External Director Evaluation

The evaluation of external directors is conducted through regular assessments of whether they have properly fulfilled their roles and responsibilities as required by laws and internal regulations, followed by a comprehensive annual evaluation. The evaluation covers four categories: contribution to the Board of Directors, influence, expertise, and proactivity. The results are used to promote and support effective external director activities and to review their reappointment at the end of their terms.

Board Remuneration

The Remuneration Committee is responsible for establishing and revising remuneration standards for Board members, reviewing the Board's remuneration system, and determining remuneration payments. To enhance transparency, the committee is composed entirely of external directors. Additionally, the remuneration of Board members is set within the limits approved by the shareholders' meeting, taking into account their responsibilities, risks, and time committed to their duties.

Internal Director Remuneration

LOTTE HIMART calculates internal directors' remuneration by considering the basic salary, which is determined based on human resources management regulations and the executive's contribution and expertise, as well as a bonus that reflects the results of the performance evaluation.

Internal Director Remuneration Criteria

Category	Details
Salary	Considers the executive's contributions to their role and expertise
Bonus	Considers financial indicators (such as operating profit and sales target achievement rates) and non-financial indicators (including ESG performance, compliance management, and consumer satisfaction index)
Stock option	Based on performance-linked criteria that are related to management performance goals or market indices
Other earned income	Pay based on welfare standard

External Director Remuneration

LOTTE HIMART sets fair remuneration levels for external directors, taking into account their legal responsibilities and the company's size. The Remuneration Committee reviews the appropriateness of external directors' remuneration and strives to ensure it reflects their responsibilities, risks, and time commitment. Additionally, to preserve their independence, the evaluation and remuneration of external directors are not linked.

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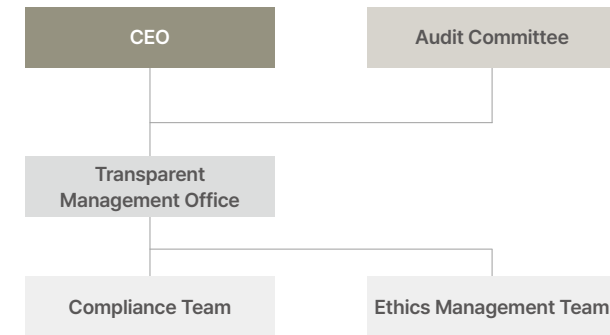
Ethics and Compliance Management

Ethics and Compliance Management System

Organization Structure

To ensure the authority and independence of the ethics management organization and its members, LOTTE HIMART has established the Transparent Management Office under the direct supervision of the CEO to oversee the Ethics Management Team and the Compliance Team. The Ethics Management Team reports major issues related to anti-corruption and compliance, internal audit activities, and future internal audit plans to the Audit Committee under the Board of Directors once a quarter and takes appropriate measures. The team also conducts internal audits, improves systems, provides ethics training and campaigns to raise employee ethical awareness, and enhances the data monitoring system to prevent unethical behavior. The Compliance Team supports the Transparent Management Committee, a committee under the Board of Directors, by managing ISO 37001 certification, monitoring fair trade practices, and providing employee education to mitigate legal risks.

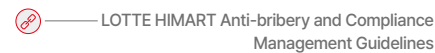
Ethics & Compliance Management Organization Structure



Policy and Operation System

Anti-bribery and Compliance Management Guidelines

In April 2022, LOTTE HIMART revised its compliance management policy, which was approved by the Board of Directors. The Anti-bribery and Compliance Management Guidelines includes new provisions prohibiting money laundering, forbidding the improper solicitation and express charge, and clarifying rules related to third parties. This policy also reflects amendments to the Improper Solicitation and Graft Act, effective June 2022, expanding the scope of prohibited improper solicitation and the scope of cash gifts.

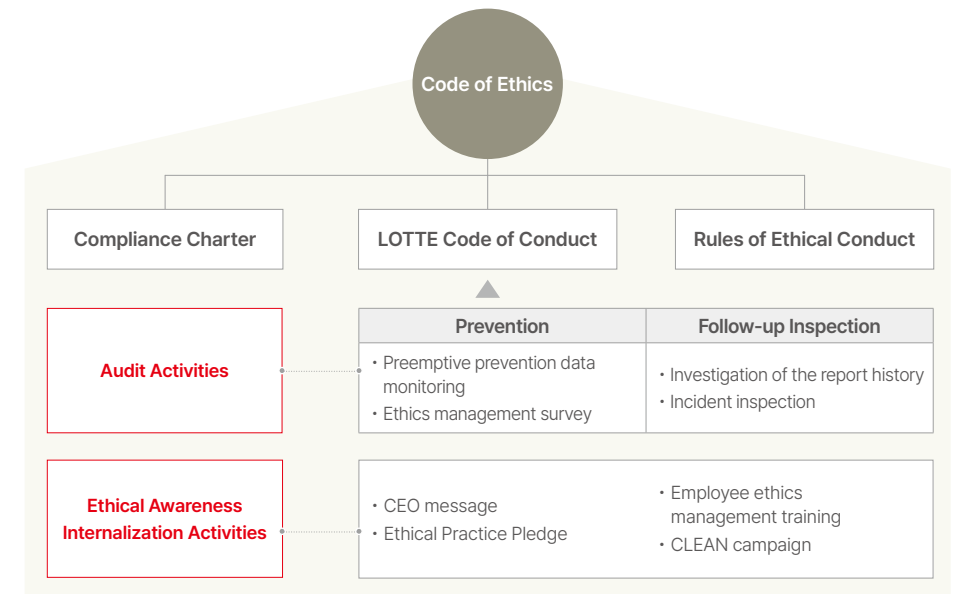


Rules of Ethical Conduct and Code of Conduct

The LOTTE HIMART Rules of Ethical Conduct sets the standards for proper behavior and value judgment for all employees. It is based on LOTTE HIMART Code of Conduct, established in 2015, and reflects various domestic and international laws as well as social and ethical requirements. These include prohibitions against workplace bullying, sexual harassment, and discrimination; unfair trade practices against partner companies; corruption and improper solicitation; insider transaction; and mandates for honest marketing.



Ethics Management Operation System



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Ethics and Compliance Management

Ethics and Compliance Management Activities

Ethics Audit

The Ethics Management Team conducts ethics audits in accordance with Articles 3 and 5 of the Ethics Management Operation Regulations. Regular audits of ethical standards and anti-corruption policies are carried out annually across all business sites, along with special audits as necessary. In line with Articles 9 and 11 of the same regulations, the team reports audit findings to the CEO within a specified period following the audit's conclusion. In cases of serious regulatory violations, the team takes appropriate actions such as referring the case to the Personnel Committee, implementing system improvements, correcting violations, and initiating improvement measures.

2024 Ethics Audits Status

Total No. of Business Sites	No. of Business Sites Assessed for Corruption Risks	Rate of Business Sites Assessed for Corruption Risks
394	394	100%

* No. of business sites: 58 Headquarters & branches, 336 stores

2024 Ethics Violations Status and Countermeasures

Category	No. of Ethics Violation	No. of Countermeasures to Ethics Violation	Rate of Measures Taken
No. of case	19	19	100%
Countermeasure result	5 terminations, 4 suspensions, 4 salary reductions, 6 warnings		

Emphasizing Partner Companies' Compliance Management

LOTTE HIMART requires all partner companies to sign an agreement on compliance management and adherence to the Partner Companies Code of Conduct as part of their contract, thereby emphasizing the practice of compliance management by partners. Additionally, we conduct an annual ethics evaluation for all employees and partner companies to evaluate the overall status of our ethics management. This evaluation covers areas such as ethics management, anti-corruption, and fair trade compliance, and is administered as an online survey by an external organization to ensure objectivity and reliability. The results allow us to objectively gauge the level of ethics management and identify areas for improvement, which are then communicated to the relevant departments for follow-up action. In 2024, the overall ethics management score was 96.4 points, reflecting employees' strong awareness, compliance, and willingness to uphold ethical principles and values. Areas of weakness were shared with the relevant departments, and appropriate improvement measures were implemented.

Improving Employees Ethical Awareness

Ethical Practice Pledge

LOTTE HIMART strives to raise employee awareness of ethical behavior and value-based decision-making, while enhancing their ability to put ethics management into practice. To this end, the company conducts an annual ethical practice pledge for all employees under five themes—trust with customers, employees, partner companies, shareholders, and society—in accordance with the Rules of Ethical Conduct and Code of Conduct. In 2024, 100% of employees completed the ethical practice pledge.

Ethics Management Training

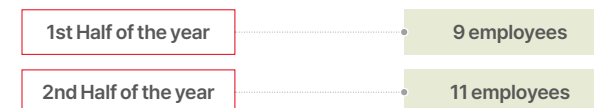
LOTTE HIMART provides both online and offline training programs to ensure that all employees—including contract and dispatched workers—fully understand the fundamentals and principles of the company's ethics management. All employees receive training on managing store sales through the Accident Prevention System and Major Accident Cases. Ethics training is also conducted under the theme Practicing Ethics Management by Theme, which includes sharing relevant accident cases, particularly for new hires. In 2024, a total of 3,931 employees, including contract and dispatched workers, completed anti-corruption and ethics training, achieving a 100% completion rate.

CLEAN Campaign Operation

LOTTE HIMART conducts ethics campaigns to foster a culture of voluntary compliance with the Code of Ethics. Posters are regularly distributed throughout the company to raise awareness of ethical practices, including proper inventory management and the importance of building trust with employees, partner companies, and customers. In addition, a No Gift Giving and Receiving campaign is held during the Lunar New Year and Chuseok holidays. To reinforce the campaign's message and impact among both internal and external stakeholders, we recognize and reward individuals who report gift returns to the designated center.



2024 CLEAN Campaign Rewards Status



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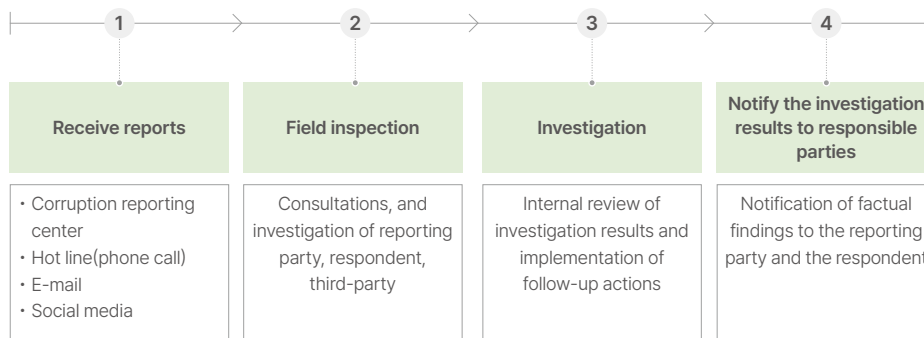
Ethics and Compliance Management

Ethics and Compliance Management Activities

Operation of Reporting channel for Ethics Management

LOTTE HIMART is committed to fostering a corporate culture of ethics management and promoting awareness of ethical practices by operating a reporting center accessible through multiple channels. Internal and external stakeholders can report unethical behavior through the Reporting Center on our website, via e-mail, or through the phone call (Ethics Hotline). Additionally, we provide a dedicated reporting channel for partner companies to help establish a fair and transparent trade environment. LOTTE HIMART strictly complies with principles of whistleblower protection principles based on the 'Informant Protection Regulations'. All reports can be submitted anonymously and are strictly managed as confidential by the Ethics Management Team to protect the identity of the informant and the contents of the report. Upon receipt, reports are investigated fairly in accordance with the Rules of Ethical Conduct, following the consent of the informant. — Corruption Reporting Center

Reports Handling Process



2024 Reports and Reporting Channel Operation Status

Category	Submitted Cases	Resolved Cases	Resolved Case Rate
Corruptive cases	3	3	100%

Anti-bribery Management System Certification

The Anti-Bribery Management System (ISO 37001) is an international certification standard developed by the International Organization for Standardization (ISO) to assess an organization's anti-bribery framework. It covers the establishment, implementation, maintenance, and continual improvement of anti-bribery systems. LOTTE HIMART obtained ISO 37001 certification in 2018 to strengthen its anti-bribery management practices. Since then, the company has undergone independent renewal audits by a third-party organization every three years to maintain the certification. In addition, LOTTE HIMART conducts annual analyses of company-wide corruption risks and sets control targets to mitigate these risks and enhance employee awareness.



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Fair Trade

Compliance Program Operating System

Organizational Structure

Since 2016, LOTTE HIMART has operated the Compliance Program (CP), an internal system designed to ensure adherence to laws and regulations related to fair trade. The company meets the core requirements of fair trade compliance and effectively manages the program through a dedicated CP organization. The Compliance Officer serves as the general manager of the CP. This role includes communicating basic policies and sanction standards to relevant departments, conducting training and inspections to prevent misconduct, and overseeing the review and handling of violations. To ensure clear accountability and authority, the Leader of the Transparent Management Office currently serves as the appointed Compliance Officer.

Dedicated CP Organizational Structure



Policies and Strategies

Fair Trade Code of Conduct and Fair Trade Regulations

To foster a transparent and fair trade culture, LOTTE HIMART has established fair trade compliance principles tailored to our business environment, providing employees with clear standards for complying with fair trade laws. We conduct ongoing training to raise employee awareness and prevent regulatory violations. In addition, we have established our own regulations to comply with the the Act on Fair Transactions in Large Retail Business and other laws in our business relationships with partner companies and prevent violations, and have revised them to the latest version in 2024. The principles and regulations related to fair trade compliance are shared via our intranet and business communication channels, and are also disclosed on our partner companies portal. This ensures our partner companies are well-informed and actively engaged in building a fair and ethical trade environment.



Fair Trade Regulations In Brief

Category	Details
A. Guidelines for the selection and operation of partner companies	<ul style="list-style-type: none"> Do not interfere with other businesses or require exclusive dealings Prohibit the solicitation or acceptance of economic benefits Do not abuse a dominant position to impose disadvantages on partners Prohibit unfair return policies or demands
B. Guidance for the operation of purchase under a special contract	<ul style="list-style-type: none"> Ensure adherence to cost-sharing standards in purchase under a special contract
C. Guidelines for the assignment and utilization of partner company employees	<ul style="list-style-type: none"> Ensure adherence to dispatch procedures and conditions, including prior written requests and written commitments for voluntary participation
D. Guidelines for management of sales incentives	<ul style="list-style-type: none"> Incentives may only be offered on direct purchase Comply with the terms and conditions of the agreement (only performance, new product, sales, or award incentives are eligible for redemption)
E. Guidelines on cost-sharing for promotional activities and store interior design	<ul style="list-style-type: none"> Comply with agreement procedures and conditions, including prior written agreement specifying the event or construction Limit partner company share of promotional event costs to no more than 50% (Exception: voluntary or discriminatory promotional events initiated by partner companies)
F. Guidelines for compliance with subcontracting laws	<ul style="list-style-type: none"> Prohibit unjustified payment determinations or reductions to subcontractors Prohibit unfair cancellation, refusal to accept, or return of orders Prohibit coercion and unauthorized use of technical data Prohibit unfair interference in subcontractor management Prohibit evasion or manipulation of the Linkage of Price for Delivery system
G. Guidelines on the requirement to provide management information	<ul style="list-style-type: none"> Prohibit unreasonable requests for management information Principle of compliance with procedures and standards when management information is required

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Compliance Program Operating System

Risk Management

Through its risk management process, LOTTE HIMART identifies risks related to unfair trade and potential unfair competition, and controls and manages them by implementing system computerization and conducting investigations.

Risk Management Status



Computerization of Contract System

LOTTE HIMART uses the e-contract platform 'Glosign' to conclude electronic contracts, helping to prevent unfair trade practices such as placing orders before contract signing and unjust order cancellations. Additionally, all partner company contracts are reviewed by the Compliance Team.

Fair trade investigation

LOTTE HIMART conducts a fair trade investigation once a year to foster a company-wide culture of fair trade compliance and proactively prevent unfair trade practices. The survey targets all relevant departments involved with partner companies, identifying risks related to fair trade through written questionnaires, on-site inspections, inspection of the person in charge's PC, and interviews. Based on the investigation results, individuals or departments in each field demonstrating excellence in fair trade compliance are recognized and rewarded, while cases of irregularities are referred to the Sanctions Committee. Identified improvements are incorporated into the fair trade business system. The outcomes of the fair trade investigation are reviewed by the CP Committee and reported to the Board of Directors.

Inspection	Items to Check
1. Contracts	<ul style="list-style-type: none"> Verification of whether contracts are signed and issued in advance e.g., Placing or preparing orders without a finalized product contract, delayed issuance of contracts, etc.
2. Incentive	<ul style="list-style-type: none"> Verify whether annual incentives, incentives without a prior commitment were received (e.g., for new products, performance, special sales, or awards) Confirm whether incentives were granted in accordance with the agreed-upon terms and conditions
3. Promotion Costs (for Promotion)	<ul style="list-style-type: none"> Verify whether a prior commitment was obtained before conducting a promotion Check compliance with the agreed cost-sharing ratio e.g., Charging promotional costs for unsold products or receiving more than the agreed cost-sharing ratio
4. Salesperson	<ul style="list-style-type: none"> Verify prior commitment of salesperson and receipt of official documentation Ensure use of pre-committed salesperson and compliance with operational guidelines e.g., Operation of salesperson without a salesperson commitment when entering into a product contract, etc.
5. Return	<ul style="list-style-type: none"> Ensure adherence to the products return process manual
6. Others	<ul style="list-style-type: none"> Verify whether costs were accepted under a logistics fee arrangement, including use of distribution centers without a prior agreement Confirm receipt of expenses based on valid advertising and information fee agreements Identify unfair practices, such as unreasonable requests for management information Detect violations of fair trade laws, including improper requests for economic benefits



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Fair Trade

Compliance Program Operation

Holding CP Committee

Through the CP Committee, LOTTE HIMART is strengthening its compliance management system by proactively preventing unfair practices and ensuring recurrence prevention. The CP Committee oversees the operation and management of the Compliance Program (CP). In November 2024, LOTTE HIMART held its 12th CP Committee meeting, during which the results of the fair trade investigation were reported, and system improvements were discussed and implemented to minimize compliance risks.

The 12th CP Committee's Key Agenda

Date	Category	Key Agenda Items
2024.11.14	The 12 th CP Committee meeting	<ul style="list-style-type: none"> • Report on 2024 fair trade activities • Follow-up actions based on 2024 investigation results • Report on revisions to the CP regulations • Presentation of the 2025 fair trade activity plan

Dissemination of Willingness to Complying with Fair Trade

LOTTE HIMART published a letter from the CEO on its partner company business support site to spread its commitment to fair trade compliance. In 2024, the message emphasized the No Gift Giving and Receiving campaign during the holiday season and encouraged stakeholders to actively report any unfair practices through the designated reporting channels.

Fair Trade Reporting Center Operation

LOTTE HIMART operates the Fair Trade Reporting Center, a platform for consulting and reporting violations of laws and regulations, including the Enforcement and Decree of the Monopoly Regulation and Fair Trade Act and unfair trade practices. The center is freely accessible via the LOTTE HIMART website and is available to all stakeholders—including employees, partner companies, and third parties. To ensure strict confidentiality, informant's identity and the contents of the report are kept private. Information submitted through the Fair Trade Reporting Center is delivered directly to the Compliance Team, which verifies the facts and takes appropriate remedial action.

Fair Trade Education

LOTTE HIMART has established, revised, and distributed the Enforcement and Decree of the Monopoly Regulation and Fair Trade Act explanation and business guidelines to support employees in understanding and applying fair trade principles in their daily work. Education is provided to the CEO and executives at least once a year, along with regular job type -specific education to enhance practical understanding. Additionally, company-wide education is conducted to prevent unfair practices toward partner companies and to promote a culture of fair trade compliance. In 2024, targeted education sessions were provided to MDs, team leaders in the On-Off MD Group, and sales employees, covering a range of fair trade-related topics. Business guidelines are also distributed to all employees whenever major fair trade issues arise.

Fair Trade Education Status by Job Type

Education Target	Education Title	Education Date
Product MD	Guide to operating sales grant	Mar. 2024
	Promotion guide	Apr. 2024
	Business guide when a product contract ends	May 2024
	Subcontracting education	Jul. 2024
	Precautions when entering into a product transaction contract	Aug. 2024
Team leader of On-Off MD Group	Fair trade education	Nov. 2024
The Management	Fair trade education	Oct. 2024

Fair Trade Education Status of Sales Employees

Education Title	Education Date	Education Details	No. of Employees Who Completed the Education	Completion Rate
New person in charge education	Mar. 2024	Education regarding the Act on Fair Transactions in Large Retail Business	9	100%
New store manager and /deputy store manager education	Oct. & Nov. 2024	Guide for the sales site	36	100%
Newly joined deputy store manager education	Dec. 2024	Education regarding the Act on Fair Labeling and Advertising, etc.	38	100%

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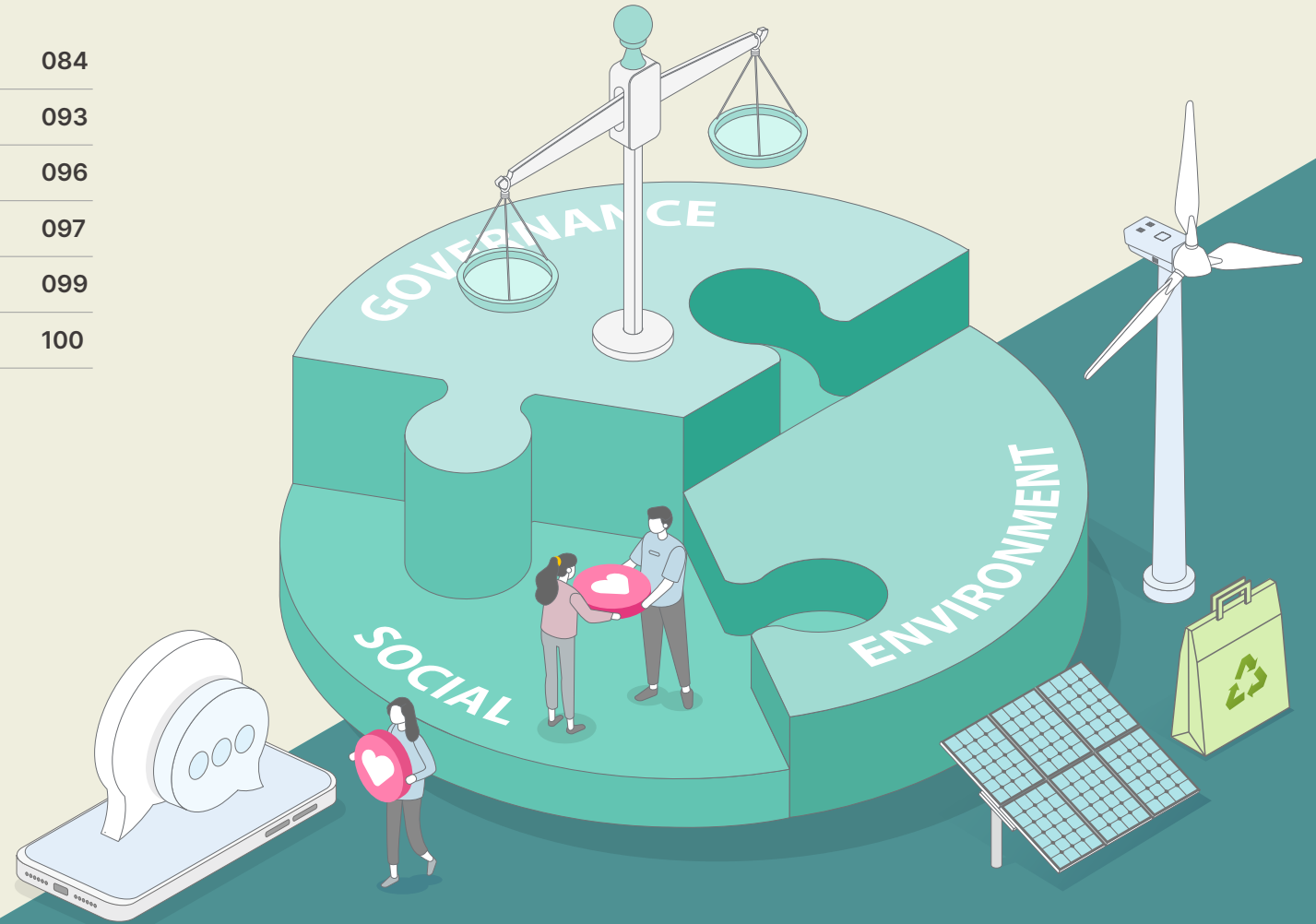
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Department: LOTTE HIMART External Relations Team

E-mail: himart.esg@lotte.net

Website: <https://company.himart.co.kr/>

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Environmental

Energy

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Energy consumption ¹⁾	Energy consumption within the organization	Fossil fuel consumption	GJ	6,907	6,632	6,470
		Electricity consumption		993,130	877,815	833,140
		Total energy consumption within the organization		1,000,037	884,447	839,611
	Energy consumption outside the organization	Fossil fuel consumption		134,844	117,885	107,921
		Total energy consumption outside the organization		134,844	117,885	107,921
Total energy consumption	Total energy consumption	1,134,881	1,002,332	947,531		
Energy intensity ¹⁾	Energy intensity	Fossil fuel energy intensity	GJ/KRW	0.21	0.25	0.27
		Electricity intensity	100 million	29.76	33.63	35.35
		Total energy intensity		29.97	33.89	35.63
Energy consumption reduction	Amount of electricity reduced		kWh	530,886	241,171	465,156
Energy consumption target	Energy consumption target		GJ	1,004,979	1,112,183	982,285
	Target performance compared to energy consumption		%	113	90	96

1) There is no use of renewable energy.

Greenhouse Gases

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Greenhouse gas (GHG) emissions ¹⁾	Direct GHG emissions ²⁾	Scope 1 emissions	tCO ₂ -eq	396	379	364
		Scope 2 emissions		49,108	43,406	39,870
	Other indirect GHG emissions ²⁾	Scope 3 emissions		9,276	8,110	7,577
GHG emission intensity ³⁾	GHG emission intensity	Scope1 emission intensity	tCO ₂ -eq/ KRW 100 million	0.01	0.01	0.02
		Scope2 emission intensity		1.47	1.66	1.69
		Scope1+2 emission intensity		1.48	1.68	1.71
		Scope3 emission intensity		0.28	0.31	0.32
GHG emissions reduction	GHG emissions reduction	GHG emissions reduction	tCO ₂ -eq	238	4,729	2,675
		GHG emissions target (Scope1+2)		49,742	48,514	42,909
		Progress toward GHG reduction target (performance vs. target)		%	99.5	90.3

1) GHG Emissions Calculation Details

① Calculation method: GHG emissions are calculated in accordance with the Emissions Trading Scheme (ETS) guidelines.

[Activity data sources]

- LNG: verified via utility bills
- Kerosene: verified via purchase receipts
- Gasoline: based on corporate vehicle management records
- Electricity: verified via Korea Electric Power Corporation (KEPCO) utility bills

[Net calorific values]

- LNG: 38.9TJ/10⁶Nm³
- Kerosene: 30.4TJ/10³Nm³
- Petrol: 34.2TJ/10³Nm³

[Emissions factor] (In the order of CO₂, CH₄, N₂O)

- LNG: (56,100, 5.0, 0.1) kgGHG/TJ
- Kerosene: (71,900, 10.0, 0.6) kgGHG/TJ
- Gasoline: (mobile): (69,300, 25.0, 8.0) kgGHG/TJ
- Electricity: (0.4567, 0.0036, 0.0085) tGHG/MWh

(Electricity is calculated by checking the power usage through KEPCO Power Planner (Smart Electricity Metering Infrastructure). And in the case of some marts and rental stores where metering is not possible, the average value is calculated by considering the area ratio.)

② Scope: headquarters, distribution centers, branches, and stores

③ No external assurance required under national regulations such as Emissions Trading Scheme ETS, Target Management System.

* Voluntary third-party verification has been conducted.

④ The GHG emissions calculation standard was revised in 2024 (aligned with the ETS)

2) Scope 1 to 3 calculation scope is as follows:

- ① Scope 1 calculation scope: fuel consumption from company vehicles, heating and cafeteria operations at headquarters, and company-owned resort facilities
- ② Scope 2 calculation scope: electricity consumption across all business sites (including headquarters, branches, stores, and distribution centers)
- ③ Scope 3 calculation scope: fuel consumption of transportation vehicles
- ④ Scope 3 calculation method: Driving distance measured using GPS devices. Estimate fuel usage based on average fuel efficiency to calculate Scope 3 energy usage. (Driving distance measurement system for transport vehicles introduced in March 2022.)

3) Intensity is measured based on sales from the consolidated financial statements.

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Waste Generation and Disposal

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Waste generation ¹⁾	Waste generated	Total waste generated		4,277	3,709	3,854
		General waste	Tons	4,277	3,709	3,854
		Designated (hazardous) waste		0	0	0
	Waste reduction rate	%	13	13	-4	
	Target waste emissions	Waste emissions target	Tons	4,791	4,192	3,635
Waste disposal ²⁾	Waste disposal	Performance against waste emissions target	%	89	88	106
		Wasted recycled (outsourced disposal)	Tons	4,277	3,709	3,854
		Total waste disposal		4,277	3,709	3,854

1) Scope of waste calculation: Total amount of waste such as styrofoams and boxes generated at delivery or distribution centers. There may be discrepancies with the data disclosed in the 'ENV-INFO SYSTEM,' which only reflects waste generated at headquarters.

2) No incineration and landfill as all waste is delivered to recycling companies and fully recycled.

Environmental Management

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Environmental management indicator	Sales revenue from products certified by third parties for eco-friendliness and/or social sustainability		KRW million	44.5	36.4	8.7
Environmental laws and regulations	Violations of environmental laws and regulations	No. of violations	Cases	0	0	0
		No. of cases corrected		0	0	0



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Social

Employee Composition

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
All employees ¹⁾	Headcount	Male	Persons	2,094	1,835	2,836
		Female		1,289	1,058	1,165
		Total		3,383	2,893	4,001
Temporary employees (Contract)	Headcount	Male	Persons	12	-	172
		Female		22	3	80
		Total		34	3	252
Regular employees (Regular)	Headcount	Male	Persons	2,072	1,827	2,646
		Female		1,245	1,042	1,060
		Total		3,317	2,869	3,706
Part-time employees (part-time)	Headcount	Male	Persons	10	8	18
		Female		22	13	25
		Total		32	21	43

1) LOTTE HIMART does not have any employees without fixed working hours.

External Workforce Status

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Non-LOTTE HIMART workers working at our business sites (dispatched workers)	Headcount	Male	Persons	77	51	30
		Female		166	95	59
		Total		243	146	89

Collective Agreement

Major Category	Middle Category	Unit	2022	2023	2024
Collective Agreement ¹⁾	No. of employees covered by collective agreement	Persons	3,383	2,893	4,001
	Rate of total employees to whom the agreement applies	%	100	100	100

1) Although the collective agreement formally applies to labor union members, it is applied to all employees as the establishment or revision of systems that are favorable to employees.

Wages and Salaries

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Average salary ¹⁾	Executive position ²⁾	Male	KRW million	219	219	186
		Female		54	71	155
	Managerial position ³⁾	Male	KRW million	61	80	75
		Female		43	56	53
	Non-managerial position ⁴⁾	Male	KRW thousand	41	55	39
		Female		35	46	44
Average hourly wage	All employees		KRW thousand	21	23	18
Ratio of entry-level employees' wage ¹⁾	Wage of newly hired employees ⁵⁾	Male	KRW million	34	-	39
		Female		33	32	38
	Ratio of entry-level wage to minimum wage ⁶⁾	Male	%	151	-	156
		Female		146	131	155

1) Base annual salary (=base pay + performance-based bonus + overtime pay, excluding other allowances and additional bonuses); calculated based on employees or executives remaining at the end of the year.

2) Executive position: Non-registered executives, registered executives, and external directors

3) Managerial position: General office workers + store managers

4) Non-managerial position: Sales employees

5) Entry-level employee salary base annual salary (base pay + performance-based bonus + overtime pay, excluding other allowances and bonuses) As of the end of 2023, there were no entry-level male employees employed, so entry-level salary was not calculated.

6) Ratio of entry-level wage to minimum wage: Entry-level wage compared to the statutory minimum annual salary. (2024 minimum annual salary: KRW 24,728,880 / 2023: KRW 24,126,960 / 2022: KRW 22,973,280)



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Social

Employment, Retention, Retirement

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Recruitment ¹⁾	No. of new hires by age group	Under 30	Persons	24	2	57
		30 to 49		72	32	1,218
		50 or older		33	11	165
	No. of new hires by gender	Male		58	24	1,205
		Female		71	21	235
		Total no. of turnover		463	462	342
Turnover and retirement	Voluntary turnover status	No. of voluntary turnover	346	297	243	
		No. of involuntary turnover	117	164	99	
		Total employee turnover rate	11.8	14.3	8.5	
		Voluntary turnover rate	%	9.4	8.8	6.1
		Involuntary turnover rate	2.4	5.5	2.5	
	Turnover and retirement by age group	Under 30	128	90	71	
		30 to 49	300	331	215	
		50 or older	35	44	56	
	Turnover and retirement by gender	Male	258	250	215	
		Female	205	215	127	
Retention	Average years of service	Total	Year, month	About 10 years and 7 months	About 11 years and 7 months	About 8 years and 7 months
		Male	About 11 years and 6 months	About 12 years and 5 months	About 8 years and 2 months	
		Female	About 9 years and 3 months	About 10 years and 4 months	About 9 years and 6 months	

1) The calculation method has changed compared to what was disclosed in the sustainability report of the previous year.

Family-friendly Management

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024	
Parental leave	No. of eligible employees ¹⁾	Male	Persons	78	72	69	
		Female		40	34	25	
	No. of employees took parental leave ²⁾	Male		120	87	86	
		Female		74	73	66	
		Total		194	160	152	
	No. of employees returned to work from the leave	Male		101	91	72	
		Female		78	67	53	
	The no. of employees worked for at least 12 months after returning from the leave	Male		%	112	91	76
					Female	57	54
		Return rate			Male	91.0	100.0
Female			97.5		72.8	80.3	
Rate of employees worked for at least 12 months after returning from the leave	Male	91.1	90.1	100.0			
	Female	89.1	69.2	77.9			
Maternity leave	No. of employees took maternity leave	Persons	62	51	73		
			68	54	53		

1) Figures differ due to a data entry error in the previous year.

2) Employees who used parental leave within one year after childbirth this year.

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Social

Occupational Safety and Health

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024	
Workers under the occupation safety and health system	Occupational safety and health management system	No. of applicable employees	Persons	3,383	2,893	4,001	
		Rate of applicable employees	%	93.3	95.2	97.8	
	System receiving an internal audit	No. of applicable employees	Persons	3,383	2,893	4,001	
		Rate of applicable employees	%	93.3	95.2	97.8	
	System receiving an external audit/certification	No. of applicable employees	Persons	3,383	2,893	4,001	
		Rate of applicable employees	%	93.3	95.2	97.8	
	Occupational injuries (Work-related injury)	Employees	No. of occupational injuries ⁴⁾	Cases	1	4	3
			Lost time injury rate (LTIR) ^{1) 4)}	%	0.03	0.13	0.07
Individuals who are not our employees		No. of fatalities due to occupational injuries		0	0	0	
		No. of serious accidents (excluding fatalities)	Cases	0	0	0	
Occupational illnesses (Work-related illnesses) ²⁾		Employees	No. of occupational injuries		1	2	0
			Lost time injury rate (LTIR) ¹⁾	%	0.34	1.12	0.00
Occupational illnesses (Work-related illnesses) ²⁾		Individuals who are not our employees	No. of fatalities due to occupational injuries		0	1	0
			No. of serious accidents (excluding fatalities)		0	0	0
Occupational safety and health education		Statutory education	No. of fatalities ³⁾	Cases	0	0	0
			No. of employees who completed education	Persons	3,298	2,712	3,549
Occupational safety and health education	Supervisor education	No. of illness cases (including fatalities)		0	0	0	
		No. of employees who completed education		422	398	330	

1) Lost time injury rate (LTIR)=(No. of injured workers/working hours of workers subject to industrial accident compensation insurance act)*200,000

2) Illnesses caused by work-related reasons

3) No. of industrial accident compensation insurance claims approved by the Korea Workers' Compensation & Welfare Service

4) No. of occupational injuries and lost time injury rate (LTIR): Figures differ due to previous year's incorrect data

Training and Education

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Employee educational hours ¹⁾	Average educational hours per employee (total) ²⁾			20.5	23.5	28.0
		Average educational hours per employee (by gender)	Hours	30.8	24.4	29.2
	Average educational hours per employee (by age group)	Male		21.9	21.9	25.9
		Female		18.0	16.4	16.7
Employee educational expenses	Total educational expenses	Under 30		29.6	24.6	29.5
		30 to 49		37.4	28.6	24.0
	Average educational expense per employee	50 or older		547	408	466
			KRW million	0.04	0.06	0.05
Rate of employees who received regular assessment on job performance and career development ³⁾	Rate of employees received regular assessments (total)			92.6	95.1	89.3
		Rate of employees received regular assessments (by gender)	%	94.6	96.8	90.7
	Rate of employees received regular assessments (by age group)	Male		89.1	92.1	85.8
		Female		85.5	93.7	83.0
Rate of employees received regular assessments (by age group)	Under 30		94.9	96.0	91.2	
	30 to 49		89.5	89.4	77.7	

1) Calculated based on the group-wide integrated online training system (EZ-learning)

2) Average educational hours per employee differ from last year due to misreporting.

3) Rate calculated excluding employees with leave of 45 days or more.

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Diversity and Equal Opportunities

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Employee status	By gender	Male		61.9	63.4	70.9
		Female		38.1	36.6	29.1
	By age group	Under 30		16.5	15.4	9.2
		30 to 49	%	76.5	75.9	82.6
		50 or older		7.0	8.7	8.2
	Socially disadvantaged group	Persons with disabilities ¹⁾		3.4	3.4	3.1
Patriots and veterans			0.6	0.6	0.5	
Female executive and managerial position	Female in managerial position ²⁾	Headcount	Persons	84	73	84
		Ratio of female to all managerial positions	%	8.4	6.9	9.3
	Female executives	Headcount	Persons	0	0	1
		Ratio of female to all executives	%	-	-	7.7
Socially disadvantaged group hires	Persons with disabilities hires ³⁾	Headcount	Persons	41	10	63
		Ratio of newly hired disabled to total new hires	%	28.9	21.3	4.3

- 1) Based on standards reported to the Korea Employment Agency for Persons with Disabilities (double count for severely disabled, based on full-time worker, monthly average). Figures may differ due to misreporting in the previous year.
- 2) Female employees who have been assigned positions as defined by our company. Positions: Branch Manager, Office leaders, Team Leader, Manager, CMD, Store Manager, Deputy store manager, or Service Center Head
- 3) Figures differ due to a data entry error in the previous year.
 [No. of newly hired persons with disabilities] / [Total no. of new hires]
 - Based on standards reported to the Korea Employment Agency for Persons with Disabilities (double count for severely disabled, full-time worker, monthly average).

Human Rights

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Prohibition of discrimination		Discrimination cases ¹⁾	Cases	0	0	0
Human rights education	Employees	No. of people who completed education	Persons	3,298	2,839	4,126
		Training hours per person	Hours	3	2	2
	Security staff ²⁾	No. of people who completed education	Persons	12	7	4
		Completion rate	%	100	100	100

- 1) We define gender, disability and etc discrimination as discrimination cases.
- 2) Human rights education for security personnel employed by dispatch agencies is conducted separately by those agencies.

Customer Satisfaction

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Customer satisfaction ¹⁾	Customer opinions and complaints	No. of cases reported	Cases	1,237	1,487	2,471
		No. of cases addressed		1,233	1,487	2,471

- 1) Increase in the no. of cases received due to integrated management of online and offline customer opinion starting in 2024.

Customer Safety and Health

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Customer Safety and Health	Safety and health impact assessment of products and services	No. of major product/service items(A)	Items	294	315	294
		No. of items subject to safety assessment among major product/service (B)		43	96	134
		Safety assessment ratio (B/A)		%	14.6	30.5



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Supply Chain Sustainability

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024	
Procurement practices	Partner companies	No. of partner companies	Companies	1,277	1,640	1,244	
	Domestic partner companies transactions	Purchase amount	KRW 100 million	30,318	21,989	21,005	
		Ratio of purchase from domestic partner companies against total	%		99.2	99.2	99.0
Grievance handling for partner companies	Existence of grievance handling progress		Y/N	Y	Y	Y	
	No. of grievances received and handled		Cases	4	3	2	
Partner company support	Partner company financial support	Total amount ¹⁾		3,813	2,299	2,458	
		Shared Growth Fund		500	500	500	
		Payment condition improvement ¹⁾	KRW 100 million	3,062	1,756	1,726	
		Early payments before holidays		251	43	232	
Supplier assessment	No. of partner companies assessed for ESG risks			20	20	20	
				20	20	20	
	Negative environmental impacts in the supply chain and actions taken	No. of suppliers assessed for environmental impacts	Companies		20	20	20
		No. of suppliers identified as having negative environmental impacts		0	0	0	
Negative social impacts in the supply chain and actions taken	No. of suppliers assessed for social impacts		20	20	20		
	No. of suppliers identified as having negative social impacts		0	0	0		

1) Payment condition improvement: Based on cash payments made by the 10th of the following month after closing. Figures may differ from the previous year due to misreporting.

Information Protection

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Customer personal information protection-related complaints	No. of information security-related issues			0	0	0
		Cases		0	0	0
Customer personal information theft and leakage	The total no. of confirmed customer information leaks, theft, and losses			0	0	0
		Personally identifiable information (PII) leakage ratio	%	0	0	0
		No. of compromised customers	Persons	0	0	0
Information security policy	Information security policy and system audits	Annual frequency	Times	2	2	2

Product and Service Labeling

Major Category	Subcategory	Unit	2022	2023	2024
Violations related to product/service information and labeling	Cases subject to fines or penalties for regulatory violations	Cases	0	0	0
	Cases receiving warnings for regulatory violations		0	0	0
	Cases of voluntary regulatory violations		0	0	0
Marketing communication-related violations	Cases subject to fines or penalties for regulatory violations	Cases	0	0	0
	Cases receiving warnings for regulatory violations		0	0	0
	Cases of voluntary regulatory violations		0	0	0

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Governance

Board of Directors

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Board composition ¹⁾	No. of board members	Internal director	Persons	3	3	4
		External director		5	5	5
	Board composition ratio	Internal director	%	37.5	37.5	44.4
		External director	%	62.5	62.5	55.6
	Female director	No. of female directors	Persons	1	1	1
		Proportion of female directors against total board members	%	12.5	12.5	11.1
BOD operations ¹⁾	Board meetings convened	No. of meetings convened	Times	12	12	12
		Total attendance rate	%	98.1	95.7	100.0
	Board attendance	Internal directors attendance rate	%	97.9	91.7	100.0
		External directors attendance rate	%	98.3	96.7	100.0
	Board agenda	Total agenda items	Cases	35	31	40
		Agenda items which external directors voted against or proposed amendments	Cases	0	0	0
Notice of board meeting	Minimum notice period before the board meetings	Days	7	7	7	

1) Board information is prepared as of the end of 2024.

Compliance with Laws and Regulations

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Compliance status	Cases of legal or regulatory non-compliance during the reporting period	Total no. of cases	Cases	0	0	0
		Fines imposed	KRW	0	0	0

Anti-corruption

Major Category	Middle Category	Subcategory	Unit	2022	2023	2024
Anti-corruption risk assessment	Sites received anti-corruption risk assessment	No. of organizations	Organization	148	73	106
		Rate of organizations	%	33.3	18.5	28.2
Notification and training on anti-corruption policies and procedures	Board of Directors	Headcount	Persons	5	0	3
		Ratio	%	63	0	33
	Employees	Headcount	Persons	3,383	2,893	4,001
		Ratio	%	100	100	100
	Partner companies	No. of companies	Persons	1,673	1,150	858
		Ratio	%	100	100	100
Confirmed cases of corruption and corresponding actions taken	Confirmed case ¹⁾	No. of cases		2	2	3
		No. of dismissals or disciplinary actions		2	2	3
	Confirmed case ¹⁾	No. of contract terminations or non-renewals due to corruption	Cases	0	0	0
		No. of convictions for anti-corruption/ bribery law violations	No. of convictions	0	0	0
Anti-competitive behavior	No. of legal actions for unfair trade practices (e.g., anti-competitive behavior, monopolies)	Total amount of fines imposed	KRW thousand	0	0	0
		No. of convictions for unfair trade practices (e.g., anti-competitive behavior, monopolies)	Cases	0	0	0

1) Figures for confirmed corruption cases and actions taken differ due to data misreporting in the previous year.



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Financial Performance

Statement of Financial Position

(Unit: KRW million)

Category	2022	2023	2024
Assets			
Current assets	658,470	660,763	553,721
Non-current assets	1,805,749	1,709,918	1,334,868
Total assets	2,464,219	2,370,681	1,888,589
Liabilities			
Current liabilities	763,904	714,777	543,151
Non-current liabilities	405,019	406,113	417,843
Total liabilities	1,168,923	1,120,891	960,995
Equity			
Total equity	1,295,297	1,249,790	927,595
Total liabilities and equity	2,464,219	2,370,681	1,888,589

Income Statement

(Unit: KRW million)

Category	2022	2023	2024
Sales	3,336,821	2,610,137	2,356,657
Sales costs	2,578,116	1,931,981	1,680,386
Gross sales profits	758,705	678,156	676,271
Sales, general, and administrative expenses	810,717	669,933	674,550
Operating Profit (loss)	(52,011)	8,223	1,721
Net income before tax (loss)	(557,697)	(30,128)	(286,870)
Corporate tax expense	(29,806)	5,241	18,499
Net Income	(527,891)	(35,369)	(305,369)

Distribution of Economic Value

(Unit: KRW million)

Major Category	Middle Category	2022	2023	2024
Employees	Salaries and bonuses	185,649	173,138	187,511
	Welfare benefits	40,138	32,019	34,760
Shareholders	Dividends and interests	37,801	33,474	34,133
Government and public institutions	Corporate tax	(29,806)	5,241	18,499
	Fines	109	48	85
Local communities	Investments in social contribution	2,190	495	780

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GRI Index

LOTTE HIMART reports its sustainability information in accordance with the GRI Standards for the reporting period from January 1, 2024, to December 31, 2024. At the time of this report's publication, no sector standard applicable to its industry had been released, so no specific sector standard has been applied.

GRI	Disclosure	Page	Remarks
General disclosures			
	2-1 Organizational details	5	
	2-2 Entities included in the organization's sustainability reporting	2	
	2-3 Reporting period, frequency and contact point	2	
	2-4 Restatements of information	34, 44, 64, 84-92	
	2-5 External assurance	100-101	
	2-6 Activities, value chain and other business relationships	8-11	
	2-7 Employees	5, 86	
	2-8 Workers who are not employees	86	
	2-9 Governance structure and composition	72, 73	
	2-10 Nomination and selection of the highest governance body	72	
	2-11 Chair of the highest governance body	72	
	2-12 Role of the highest governance body in overseeing the management of impacts	72	
	2-13 Delegation of responsibility for managing impacts	13, 72	
	2-14 Role of the highest governance body in sustainability reporting	13	
	2-15 Conflicts of interest	72, 74, 75	
	2-16 Communication of critical concerns	13, 15, 16, 75	
	2-17 Collective knowledge of the highest governance body	72, 73	
	2-18 Evaluation of the performance of the highest governance body	76	
	2-19 Remuneration policies	76	
	2-20 Process to determine remuneration	76	
	2-21 Annual total compensation ratio	Business Report 224, 227p	1) Total compensation of CEO: KRW 576 million (Business Report 227p) 2) Average salary per person: KRW 59,630 thousand (Business Report 224p)
	2-22 Statement on sustainable development strategy	4	
	2-23 Policy commitments	22, 38, 56, 67, 77, 80	
	2-24 Embedding policy commitments	22, 38, 56, 67, 77, 80	
	2-25 Processes to remediate negative impacts	15-16, 39-42, 78-79	
	2-26 Mechanisms for seeking advice and raising concerns	42, 79	
	2-27 Compliance with laws and regulations	90, 91	
	2-28 Membership associations	99	
	2-29 Approach to stakeholder engagement	17	
	2-30 Collective bargaining agreements	86	

GRI 2: General Disclosures 2021

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GRI	Disclosure	Page	Remarks (including reason for not reporting)
Material Topic & Topic Standards			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	18	
	3-2 List of material topics	19	
	3-3 Management of material topics	20	
Material topic 1			
Accessibility and customer satisfaction enhancement			
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	54, 89	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	54, 89	No incidents of non-compliance concerning the health and safety impacts of products and services exist.
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	90	
	417-2 Incidents of non-compliance concerning product and service information and labeling	90	
	417-3 Incidents of non-compliance concerning marketing communications	90	
Material topic 2			
Expansion of eco-friendly products and services			
GRI 301: Materials	301-3 Reclaimed products and their packaging materials	28	
Material topic 3			
Respect for human rights			
GRI 401: Employment	401-1 New employee hires and employee turnover	87	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	50	
	401-3 Parental leave	87	
GRI 404: Training and Education	404-1 Average hours of training per year per employee	88	
	404-2 Programs for upgrading employee skills and transition assistance programs	45-47	
	404-3 Percentage of employees receiving regular performance and career development reviews	88	
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	44, 72, 89, 91	
	405-2 Ratio of basic salary and remuneration of women to men	86	
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	42, 89	
GRI 410: Security Practices	410-1 Security personnel trained in human rights policies or procedures	89	
Material topic 4			
Customer privacy			
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	90	
Material topic 5			
Fair trade			
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	78, 91	
	205-2 Communication and training about anti-corruption policies and procedures	78-79, 91	
	205-3 Confirmed incidents of corruption and actions taken	78, 91	
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	81, 82, 91	No anti-competitive behavior, anti-trust, and monopoly practices exist.



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GRI	Disclosure	Page	Remarks (including reason for not reporting)
Material topic 6			
Establishment of the resource-circular economy system			
GRI 301: Materials	301-3 Reclaimed products and their packaging materials	28	
	306-2 Management of significant waste-related impacts	28, 29	
GRI 306: Waste	306-3 Waste generated	29, 85	
	306-4 Waste diverted from disposal	29, 85	
	306-5 Waste directed to disposal	29, 85	
Material topic 7			
Greenhouse gas reduction			
	305-1 Direct (Scope 1) GHG emissions	34, 84	
	305-2 Energy indirect (Scope 2) GHG emissions	34, 84	
GRI 305: Emissions	305-3 Other indirect (Scope 3) GHG emissions	34, 84	
	305-4 GHG emissions intensity	34, 84	
	305-5 Reduction of GHG emissions	34	
Material topic 8			
Climate change response			
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	92	
	201-2 Financial implications and other risks and opportunities due to climate change	30-33	
	302-1 Energy consumption within the organization	34, 84	
	302-2 Energy consumption outside of the organization	84	
GRI 302: Energy	302-3 Energy intensity	34, 84	
	302-4 Reduction of energy consumption	34, 84	
	302-5 Reductions in energy requirements of products and services	26	
	305-1 Direct (Scope 1) GHG emissions	34, 84	
	305-2 Energy indirect (Scope 2) GHG emission	34, 84	
GRI 305: Emissions	305-3 Other indirect (Scope 3) GHG emissions	34, 84	
	305-4 GHG emissions intensity	34, 84	
	305-5 Reduction of GHG emissions	34	



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SASB Index

The Sustainability Accounting Standards Board (SASB) recommends financial disclosure in accordance with 77 industry-specific standards established by the U.S. Sustainability Accounting Standards Board that reflect industry characteristics. Among them, LOTTE HIMART reports matters according to the Multiline and Specialty Retailers & Distributors standard, which corresponds to the retail industry sector.

Material Topic	Code	Accounting Metric	Page/Response
Sustainability Disclosure Topics & Accounting Metrics			
Energy Management in Retail & Distribution	CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	84
Data Security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	66-68
	CG-MR-230a.2	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of customers affected	90
Labour Practices	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	86
	CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	87
	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	No labour law violations exist.
Workforce Diversity & Inclusion	CG-MR-330a.1	Percentage of gender and diversity group representation for (1) executive management, (2) non-executive management and all other employees	86, 89, 91
	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	89 (No case of employment discrimination exists.)
Product Sourcing, Packaging & Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental or social sustainability standards	85
	CG-MR-410a.2	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	23, 54
	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	27-29
Activity metrics			
	CG-MR-000.A	Number of: (1) retail locations and (2) distribution centres	(1) retail locations: 314 (2) distribution centre: 11
	CG-MR-000.B	Total area of: (1) retail space and (2) distribution centres	(1) retail space: 436,194m ² (2) distribution centre: 521.805m ²



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Our Contribution to Achieving UN SDGs

LOTTE HIMART is committed to making contributions to achieving the Sustainable Development Goals (SDGs) adopted at the 70th UN Development Summit in 2015. The UN SDGs, which advocate 'No One Left Behind,' consist of 17 major goals and 169 detailed targets to be achieved by 2030 across economic, social, and environmental dimensions to realize sustainable development. To contribute to sustainable development, LOTTE HIMART has aligned its ESG management performance with UN SDGs targets and is taking initiatives under 11 of the 17 major goals in 2024.

UN SDGs	Detailed Targets	Key Initiatives	Key Achievement
Goal 1. No Poverty	1.3 Implement appropriate social protection systems and measures, and achieve a practical expansion of the coverage of vulnerable groups	<ul style="list-style-type: none"> Operated the Three for Happiness Campaign, providing regular support to children raised by grandparent. 	<ul style="list-style-type: none"> Donated KRW 116 million in 2024 to support underserved children
Goal 3. Good Health and Well-Being	3.4 Promote mental health and well-being through prevention and treatment	<ul style="list-style-type: none"> Provided comprehensive medical checkups for all employees once a year 	<ul style="list-style-type: none"> 3,555 participated in the medical checkups (including family members)
Goal 4. Quality Education	4.1 Ensure that all girls and boys complete free, equitable, and quality primary and secondary education leading to effective learning outcomes	<ul style="list-style-type: none"> Operated the Hi-Science Concert & Hi-Science Class, where children learn the scientific principles behind home appliances 	<ul style="list-style-type: none"> A total of 328 participated in 2024
	4.4 Substantially increase the number of adults who have relevant skills, including technical and vocational skills, for decent jobs	<ul style="list-style-type: none"> Fostered consulting experts with knowledge of products and services Operated the customer-centric Meister and coaching programs Ran a commissioned academy program to support employees' self-development and academic degrees Provided counseling, training, and job placement programs for employees nearing retirement 	<ul style="list-style-type: none"> 12 employees earned degrees through the in-house university in 2024 Provided job placement programs for employees preparing for retirement in 2024
Goal 4. Quality Education	4.7 Ensure that all learners acquire the knowledge and skills needed to promote sustainable development through education	<ul style="list-style-type: none"> Participated in the E-Circularity School program, educating students on the importance of electronic product recycling and LOTTE HIMART's resource circulation initiatives Operated of ESG support projects (education and consulting) of partner companies 	<ul style="list-style-type: none"> Delivered resource circulation lectures at 10 schools Provided ESG consulting support to 20 partner companies in 2024
	Goal 5. Gender Equality	5.5 Ensure women's full and effective participation and equal opportunities for leadership in decision-making	<ul style="list-style-type: none"> Hired new female talent
Goal 7. Affordable and Clean Energy	7.3 Increase the improvement rate in energy efficiency	<ul style="list-style-type: none"> Installed a total of 881 high-efficiency LED lights at two newly opened stores Replaced outdated cooling and heating systems with inverter-type cooling and heating systems at 20 stores Introduced solar power facilities. at seven business sites 	<ul style="list-style-type: none"> Annual power consumption reduced by 54,944 kWh through LED lighting replacements Annual power consumption reduced by 410,212 kWh through inverter-type cooling and heating systems upgrades



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UN SDGs	Detailed Targets	Key Initiatives	Key Achievements
 Goal 8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that encourage the formalization and growth of micro-, small- and medium-sized enterprises	<ul style="list-style-type: none"> Supported market access for SME partner companies through events such as the Mutual Growth Special Event and LOTTE Brand Expo Operated the Mutual Growth Academy to build the capabilities of partner company employees Provided employee welfare support for SME partner companies Offered financial support programs for partner companies 	<ul style="list-style-type: none"> Two companies participated in the LOTTE Brand Expo in Vietnam In 2024, 48 companies and 138 participants joined the Happiness Sharing Concert
 Goal 9. Industry, Innovation and Infrastructure	9.1 Develop reliable, sustainable, and quality infrastructure to support economic development and human well-being 9.4 Upgrade industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes	<ul style="list-style-type: none"> Operated "Charger5," an ultra-fast electric vehicle charging station powered by a Vanadium Ion Battery Energy Storage System (VIB ESS) Used eco-friendly packaging materials Increased the share of eco-friendly product sales, including high-efficiency appliances 	<ul style="list-style-type: none"> Installed and operated electric vehicle charging stations at four stores, including the LOTTE HIMART Daechi store A total of 48 products used eco-friendly packaging in 2024 Energy-efficiency products accounted for 62.9% of total sales (920 thousand units)
 Goal 10. Reduce Inequalities	10.2 Empower and promote the social and economic inclusion of all, irrespective of origin, sex, disability or other status	<ul style="list-style-type: none"> Recruited talent with consideration for diversity and equity 	<ul style="list-style-type: none"> Employment rate of persons with disabilities was 3.14% in 2024
 Goal 12. Responsible Consumption and Production	12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse	<ul style="list-style-type: none"> Conducted a nationwide small-sized home appliances and batteries collection campaign Established public-private partnership for collecting waste home appliances Provided waste collection services during delivery and installation Collected waste generated during sales through waste paper collection bins inside stores 	<ul style="list-style-type: none"> Collected 21,523 tons of waste home appliances in 2024 Recycled 3,854 tons of waste in 2024
 Goal 13. Climate Action	13.2 Integrate climate change measures into strategies and planning	<ul style="list-style-type: none"> Established and implemented a roadmap to achieve net-zero by 2040 Improved delivery systems and promoted the adoption of electric delivery vehicles to reduce GHG emissions Operated 'Socar Zone' in idle store parking areas in collaboration with car-sharing services to reduce indirect carbon emissions 	<ul style="list-style-type: none"> Shifted from straight-line distance-based delivery routes to actual driving route-based planning Owned 6 electric delivery vehicles and 77 electric forklifts as of 2024 Reduced approximately 50 tons of carbon emissions through collaboration with car-sharing services
 Goal 16. Peace, Justice and Strong Institutions	16.5 Substantially reduce corruption and bribery in all their forms	<ul style="list-style-type: none"> Strengthened ethics and compliance management system Conducted ethics management surveys for all employees and partner companies to identify areas for improvement Implemented ethical practice pledge, ethics management training, and CLEAN campaign programs Operated reporting channel for ethics management and a fair-trade reporting center Ran a Compliance Program and provided fair trade training for employees 	<ul style="list-style-type: none"> Partner Company ethics evaluation score in 2024: 96.4 out of 100 100% of employees completed the ethics pledge A total of 3,931 individuals completed anti-corruption and ethics training (100% completion rate) Conducted four fair trade training sessions for sales employees



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Awards and Memberships

Major Awards

Date	Award	Organizer	Details
January 2025	The Most Trusted Brand Awards	Digital Chosun	16 consecutive years
May 2025	Most Loved Brand in Korea	Chosun Biz	15 consecutive years

Membership Status

Organization	Year of Membership
Korea Chamber of Commerce and Industry	1999
Korea International Trade Association	1999
Korea Advertisers Association	2001
Korea Listed Companies Association	2011
Korea Investor Relations Service	2012
E-Cycle Governance	2012
Korea Enterprises Federation	2015
Korea Packaging Recycling Cooperative	2016
Korea On-Line Shopping Association (KOLSA)	2017
Korea Construction Engineers Association	2018
Korea Mobile Distributors Association	2019



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Third-Party Assurance Statement

To: The Stakeholders of LOTTE HIMART

Sustainability Lab (hereinafter referred to as the "Assurer") was requested by LOTTE HIMART to provide independent assurance of the '2024 LOTTE HIMART Sustainability Report' (hereinafter referred to as the "Report"). The Assurer submits its assurance statement as follows.

Responsibility and Independence

LOTTE HIMART is solely responsible for the information and statements presented in this Report. The Assurer is responsible for the assurance opinion provided herein. As an independent assurance provider, the Assurer did not participate in the preparation of this Report and has no relationships that could compromise the independence of the Assurer.

Assurance Standards

The assurance engagement was conducted in accordance with the Type 1 Assurance Methodology as defined in AA1000AS (v3). In addition, compliance with the principles of Inclusivity, Materiality, Responsiveness, and Impact, as outlined in AA1000AP (2018), was assessed. The level of assurance provided is moderate, providing limited assurance based on the evidence collected. The Assurer reviewed adherence to the principles of Materiality and Understandability and assessed compliance with the GRI standards referenced in the Report.

Limitations

The completeness and responsiveness of the performance data presented in the Report are subject to inherent limitations based on the methods of data determination, calculation, and estimation. The Assurer conducted comparative reviews of the information and evidence provided but did not verify the reliability of the original data

itself. The Assurer accepts no liability or joint liability for any decisions made by individuals or organizations based on this assurance statement.

Assurance Methodology

The Assurance process included the following activities:

- Assessment of compliance with the GRI Standards in terms of content and quality.
- Evaluation of topic selection and reporting appropriateness for key issues through media research and benchmarking analysis.
- Verified the accuracy and identify errors in expression by cross-checking Report content against external sources
- On-site verification to confirm the basis for key data and information and review internal processes and systems.

Assurance Findings

The Assurer confirms that the Report faithfully and fairly reflects LOTTE HIMART's sustainability management activities and performance. The Report is prepared in accordance with the GRI Standards (2021) and meets the following requirements:

- Universal Standards: 2-1~2-5, 2-6~2-8, 2-9~2-21, 2-22~2-28, 2-29~2-30, 3-1~3-3
- Topic Standards: 201-1~201-2, 205-1~205-3, 206-1, 301-3, 302-1~302-5, 305-1~305-5, 306-2~306-5, 401-1~401-3, 404-1~404-3, 405-1~405-2, 406-1, 410-1, 416-1~416-2, 417-1~417-3, 418-1

• Inclusivity : Stakeholder Engagement

LOTTE HIMART has established communication channels for each stakeholder group to ensure compliance with the principle of inclusivity. LOTTE HIMART classifies stakeholders as key,

strategic, and other stakeholders, and has established a systematic engagement framework considering industry characteristics. Expectations identified through stakeholder engagement are reviewed in connection with LOTTE HIMART's strategic direction and strategic initiatives.

• Materiality : Identification and Reporting of Key Issues

LOTTE HIMART identifies key issues through a materiality assessment process that reflects international standards and industry trends. LOTTE HIMART analyzes the impact of various sustainability issues on stakeholder decision-making and business performance to determine material issue areas. The identified key issues are incorporated into management activities through processes such as materiality assessment participation, and LOTTE HIMART's activities and performance on each issue are reported by focus area in the Report.

• Responsiveness : Organizational Response to Issues

The Assurer confirms that LOTTE HIMART identifies key issues affecting stakeholder performance and undertakes sustainability management activities in response. LOTTE HIMART sets targets for issues raised by stakeholders and transparently discloses related performance in the Report.

• Impact : Consideration of Organizational Impact on Society

LOTTE HIMART identifies the boundaries of major issues to understand and improve its social impacts. LOTTE HIMART comprehensively analyzes the financial, social, and environmental impacts of key issues, and discloses the analysis results and related major activities in the Report.

Issue Date: 2025. 7. 30

CEO, Sustainability Lab **Yangho Lee**



LOTTE HIMART

Sustainability Report 2024

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ESG MANAGEMENT

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ESG FACTBOOK

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Assurance Statement

Assurance Statement

GHG Assurance Statement

Introduction

Korea Productivity Center Quality Assurance (hereinafter 'KPCQA') has been engaged by LOTTE HIMART (hereinafter the 'Company') to independently verify its 2024 Greenhouse Gas Emission Report (hereinafter 'Inventory Report'). It is the responsibility of the Company to compile the 'Inventory Report' according to the ISO 14064-1. KPCQA has responsibility to conduct verification based on the ISO 14064-3 to provide verification opinion on compliance of the 'Inventory Report' against verification criteria.

Verification Scope

The following are included in the scope of this Verification.

- Scope 1, 2 : Headquarters, branches, stores, and distribution of LOTTE HIMART

Assurance level

Reasonable assurance

Criteria

- ISO 14064-1:2018, ISO 14064-3:2019
- WRI/WBCSD Greenhouse Gas Protocol
- Guidelines for Reporting and Certification of Greenhouse Gas Emission Trading System

Conclusion/Opinion

Based on verification process according to the criteria, KPCQA obtained reasonable basis to express the following conclusion on the 2024 Inventory Report.

- The Inventory Report was prepared reasonably against criteria.
- As a result of materiality assessment on GHG emissions of company, the verification has been prepared in accordance with the requirements of ISO 14064-3.

	Reporting Period	2024.11~2024.12.31
GHG Emissions (tCO ₂ eq)	Direct Emissions (Scope 1)	364,413
	Indirect Emissions (Scope 2)	39,870,162
	Total Emissions (Scope 1+Scope 2)	40,235

March 28, 2025

CEO **Kang Jang Jean**
Korea Productivity Center Quality Assurance



The details on LOTTE HIMART are available on its website. For more information, please contact us using the details below.

Address: LOTTE HIMART Building, 156, Samseong-ro, Gangnam-gu, Seoul, Republic of Korea

Department: LOTTE HIMART External Relations Team

E-mail: himart.esg@lotte.net

Website: <https://company.himart.co.kr/>

